MANHATTAN RENTAL MARKET REPORT

JULY 2008



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LETTER FROM OUR CHIEF OPERATING OFFICER



On behalf of The Real Estate Group, I am pleased to present the July 2008 edition of our Manhattan Rental Market Report, the only research on the city's rental rates published on a monthly basis.

In the past 19 months that we've been reporting data, the Manhattan rental market has seen its share of ups, downs, surprises and confusion, and I've witnessed some very interesting changes

in the marketplace. This month, however, takes the cake! Never before have I, as a peripheral bystander, seen the kind of inexplicable phenomena happening as is occurring right now, which prompts the statement, "This just doesn't make sense."

There is more doorman inventory this month than we've seen in a long time, yet prices keep rising. Conversely, prices in non-doorman properties have come down, and inventories for those units have followed suit. But if it's a widely-accepted fact that the market has, indeed, turned—even the largest companies concede, finally—why are prices continuing to increase in service buildings?

As I'm not an economist, I simply observe what's before me and attempt to offer insight into market trends. With the market as off-kilter as it is this month, I must conclude that owners of doorman buildings are resistant to lowering prices and, instead, are offering incentives while actually increasing prices to offset those concessions. Unfortunately, this strategy appears to be backfiring, and inventories continue to mount as the season hits the midway point. My main concern is that these accumulating vacancies may not be absorbed even if prices are lowered—which is why, as we head into August, I strongly urge all property owners to take a hard look at their marketing plans for the subsequent months so as not to be overwhelmed by an excess of unrented units as the busy season comes to a close.

Sincerely,

Daniel Baum, C.O.O.

The Real Estate Group

Non-Doorman Buildings (Average Prices)			
	Most Expensive	Least Expensive	
Studios	TriBeCa \$2,921	Harlem \$1,331	
One-bedrooms	TriBeCa \$4,039	Harlem \$1,767	
Two-bedrooms	TriBeCa \$7,024	Harlem \$2,300	

Doorman Buildings (Average Prices)			
	Most Expensive	Least Expensive	
Studios	TriBeCa \$2,885	Harlem \$1,337	
One-bedrooms	SoHo \$5,124	Harlem \$1,824	
Two-bedrooms	SoHo \$7,128	Harlem \$2,638	

Greatest Changes Since June:

Doorman studios - Harlem - Up 3.7% (\$48)

Doorman one-bedrooms – Lower East Side – **Down 7.2%** (\$290)

Doorman two-bedrooms – Lower East Side – Up 5.8% (\$291)

Non-doorman studios – Financial District – Up 6.6% (\$133)

Non-doorman one-bedrooms – Chelsea – **Down 5.6%** (\$161)

Non-doorman two-bedrooms - Murray Hill - Up 6.4% (\$231)

Year-over-year Changes*:

Non-Doorman Citywide Rents: July '07 vs. July '08			
	July '07	July '08	Change
Studios	\$2,169	\$2,175	+0.3%
One-bedrooms	\$3,052	\$2,842	-6.9%
Two-bedrooms	\$4,164	\$4,019	-3.5%

Doorman Citywide Rents: July '07 vs. July '08			
	July '07	July '08	Change
Studios	\$2,689	\$2,648	-1.5%
One-bedrooms	\$3,845	\$3,825	-0.5%
Two-bedrooms	\$5,763	\$5,769	+0.1%

^{*} Year-over-year comparison does not include Harlem data

Notable Trends:

Inventories continue to climb in doorman buildings across the city...and so do prices—While increased rents are typically indicative of heightened housing demand, data from July shows that this is not always the case. Neighborhoods where inventories are generally high saw rents rise, which is contrary to what one would expect. The greatest example of this was in the Financial District, where all doorman rental prices went up (by 3.3% for studios, 4.2% for one-bedrooms and 2.6% for two-bedrooms), in spite of accumulating vacancies.

Non-doorman inventories and prices, however, are down—Non-doorman rents, particularly in Manhattan's trendier neighborhoods, are lower this month and so are vacancies. Popular areas such as Greenwich Village and the East Village, as well as SoHo and TriBeCa, experienced a decline in non-doorman prices, a trend that may be helping keep inventories tight and demand high for those units. Studio rents in particular decreased rather significantly, by as much as 4.6% in the East Village and 4.5% in SoHo.

Year-over-year changes in citywide rents display an overall weakness of the market—As seen in May and June, year-over-year comparisons of rental prices suggest that this year's peak rental season is not as strong as that of 2007, and the sentiment surrounding July is no different. With only nominal increases for certain apartment sizes (0.3% for non-doorman studios and 0.1% for doorman two-bedrooms), average citywide rents fell from this time last year, most notably in non-doorman one-bedrooms, which decreased in price by 6.9%.

We reported a weakening of the market in August 2007* when, at the close of an especially strong rental season, landlords began offering the same kinds of concessions being seen today. While many were skeptical** at the time, the downturn of the market is now clearly evidenced by the incentives that have been, and continue to be, provided throughout the summer of 2008.

Where Prices Decreased:

Harlem—**▶** Non-doorman one-bedrooms (0.8%), non-doorman two-bedrooms (4.4%)

Upper East Side → Doorman studios (1.4%), non-doorman one-bedrooms (3.7%), doorman one-bedrooms (0.9%), non-doorman two-bedrooms (1.2%)

Midtown West—

Non-doorman studios (2%), non-doorman one-bedrooms (0.9%)

Midtown East—

Non-doorman studios (6.1%), non-doorman one-bedrooms (3.3%), non-doorman two-bedrooms

^{*} http://www.observer.com/2007/report-indicates-rents-are-down-citywide

^{**} http://www.tregny.com/pr.jsp?page_name=PR40

(4.8%), doorman two-bedrooms (5.3%)

Murray Hill—

■ Doorman two-bedrooms (5%)

Chelsea— ■ Doorman studios (1.6%), non-doorman one-bedrooms (5.6%), doorman one-bedrooms (2%), non-doorman two-bedrooms (1.8%)

Gramercy Park—

■ Doorman studios (2.9%), doorman one-bedrooms (2.1%), non-doorman two-bedrooms (4.9%)

Greenwich Village— ♣ Non-doorman studios (1%), doorman studios (1.2%), non-doorman one-bedrooms (0.9%), non-doorman two-bedrooms (0.9%)

East Village → Non-doorman studios (4.6%), non-doorman one-bedrooms (1.5%), non-doorman two-bedrooms (0.3%), doorman two-bedrooms (3%)

SoHo—**♣** Non-doorman studios (4.5%), doorman studios (2%), non-doorman one-bedrooms (0.8%), non-doorman two-bedrooms (1.2%)

Lower East Side

■ Non-doorman studios (2.5%), doorman one-bedrooms (7.2%)

TriBeCa—

Non-doorman studios (2.2%), non-doorman one-bedrooms (3.3%), non-doorman two-bedrooms (3.6%)

Financial District—

Non-doorman two-bedrooms (3.5%)

Battery Park City—

■ Doorman studios (1.4%), doorman one-bedrooms (1.2%)

Where Prices Increased:

Harlem—**1** Non-doorman studios (3.4%), doorman studios (3.7%), doorman one-bedrooms (0.8%), doorman two-bedrooms (0.1%)

Upper West Side—**↑** Doorman studios (1.8%), non-doorman one-bedrooms (5.1%), doorman one-bedrooms (2.4%), non-doorman two-bedrooms (0.6%), doorman two-bedrooms (3.5%)

Upper East Side↑ Non-doorman studios (0.7%), doorman two-bedrooms (4.9%)

Midtown West—**↑** Doorman studios (0.7%), doorman one-bedrooms (2.1%), non-doorman two-bedrooms (0.5%), doorman two-bedrooms (4.5%)

Midtown East—

↑ Doorman studios (3.2%), doorman one-bedrooms (0.4%)

Murray Hill—**↑** Non-doorman studios (1.8%), doorman studios (1.6%), non-doorman one-bedrooms (0.6%), doorman one-bedrooms (3%), non-doorman two-bedrooms (6.4%)

Chelsea—**↑** Non-doorman studios (1.3%), doorman two-bedrooms (1.8%)

Gramercy Park—

↑ Non-doorman studios (4.8%), non-doorman one-bedrooms (1.1%), doorman two-bedrooms (1.9%)

Greenwich Village—

↑ Doorman one-bedrooms (4%), doorman two-bedrooms (0.7%)

East Village—

↑ Doorman studios (2%), doorman one-bedrooms (4.6%)

SoHo—**↑** Doorman one-bedrooms (4.7%), doorman two-bedrooms (1.6%)

Lower East Side → Doorman studios (0.8%), non-doorman one-bedrooms (5.1%), non-doorman two-bedrooms (4%), doorman two-bedrooms (5.8%)

TriBeCa—↑ Doorman studios (1.3%), doorman one-bedrooms (2.6%), doorman two-bedrooms (1.4%)

Financial District— ↑ Non-doorman studios (6.6%), doorman studios (3.3%), non-doorman one-bedrooms (2.4%), doorman one-bedrooms (4.2%), doorman two-bedrooms (2.6%)

Tips for Renters:

Ditch the doorman and find a deal in Midtown East. All non-doorman prices decreased, by 6.1%, 3.3% and 4.8% for studios, one-bedrooms and two-bedrooms, respectively. Inventory is ample in this neighborhood, so you'll have plenty to choose from! And, if full service is your thing, fear not: Doorman two-bedroom prices went down by 5.3%, too.

Phew! LES doorman one-bedroom rents are on their way down. Beginning last November, rents for these units had been steadily ascending, reaching astonishing new highs each month. Last month, however, prices finally came down a bit and have continued moving downward this month, falling a substantial 7.2%. Join the ranks of hip Manhattanites in this trendy 'hood before prices rise again.

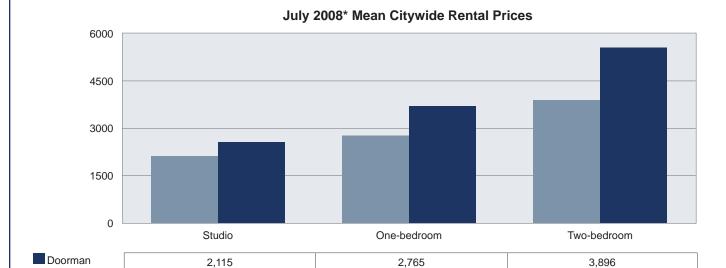
Gramercy Park non-doorman two-bedroom prices just keep on dropping. While these units were a bargain last month, they're even more so in July. Rents fell an additional 4.9% this month and are now at their lowest point to date since The Real Estate Group began reporting data a year and a half ago.

MEAN CITYWIDE RENTAL PRICES

2,561

Non-doorman

The Mean Rental Price graphs illustrate average monthly rents for studios, one-bedrooms and two-bedrooms in doorman and non-doorman buildings for the month of July 2008. Graphs tracking citywide and neighborhood price changes over a rolling 12-month period follow.



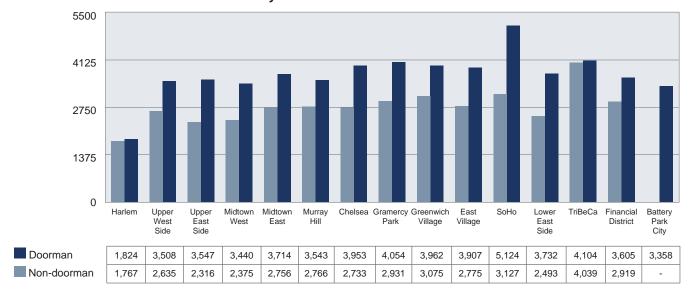
3,692

5,560

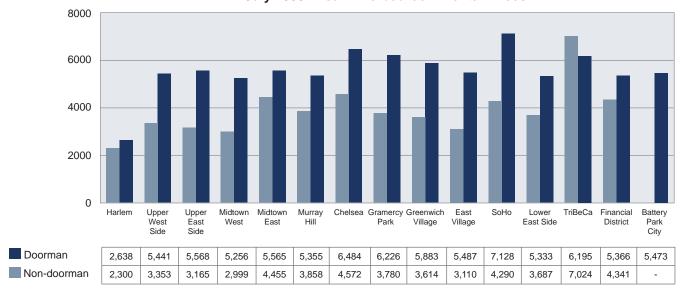


MEAN CITYWIDE RENTAL PRICES

July 2008* Mean One-bedroom Rental Prices

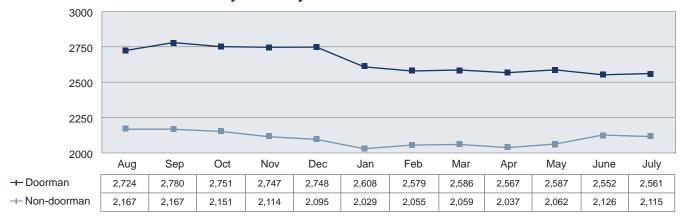


July 2008* Mean Two-bedroom Rental Prices

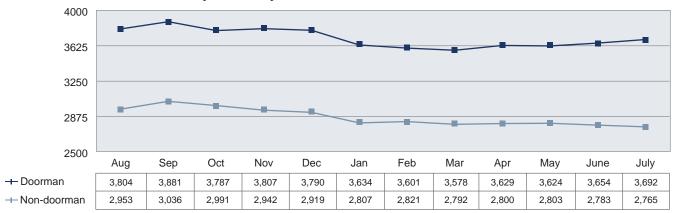


CITYWIDE PRICE TRENDS

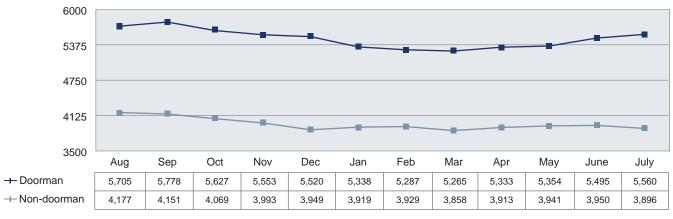
July 2008* Citywide Studio Price Trends Over 12 Months



July 2008* Citywide One-bedroom Price Trends Over 12 Months



July 2008* Citywide Two-bedroom Price Trends Over 12 Months



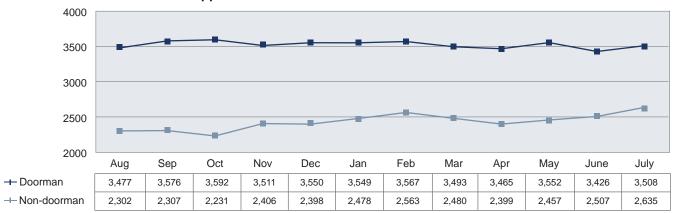
^{* 2008} data includes Harlem

UPPER WEST SIDE

Upper West Side Studio Price Trends Over 12 Months



Upper West Side One-bedroom Price Trends Over 12 Months

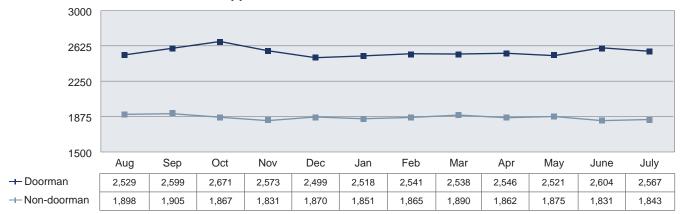


Upper West Side Two-bedroom Price Trends Over 12 Months

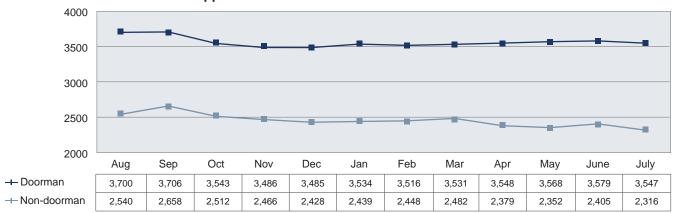


UPPER EAST SIDE

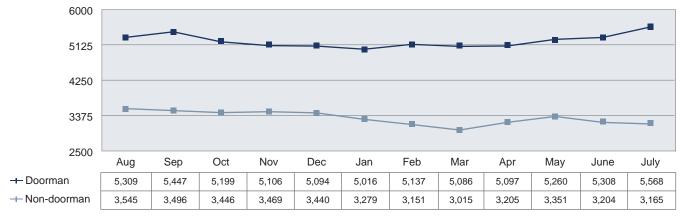
Upper East Side Studio Price Trends Over 12 Months



Upper East Side One-bedroom Price Trends Over 12 Months



Upper East Side Two-bedroom Price Trends Over 12 Months



MIDTOWN WEST

Midtown West Studio Price Trends Over 12 Months



Midtown West One-bedroom Price Trends Over 12 Months

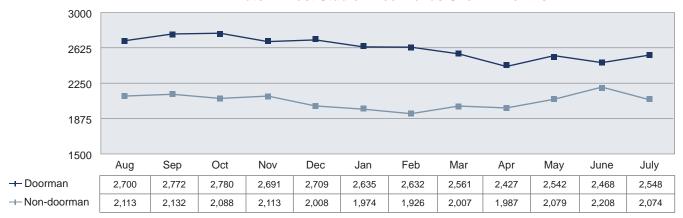


Midtown West Two-bedroom Price Trends Over 12 Months

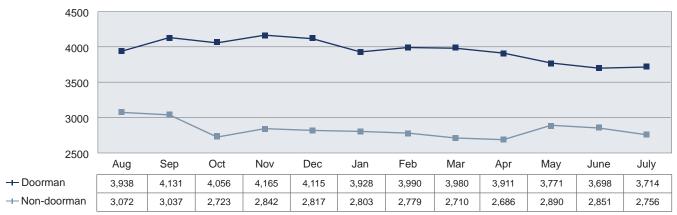


MIDTOWN EAST

Midtown East Studio Price Trends Over 12 Months



Midtown East One-bedroom Price Trends Over 12 Months



Midtown East Two-bedroom Price Trends Over 12 Months



MURRAY HILL

Murray Hill Studio Price Trends Over 12 Months



Murray Hill One-bedroom Price Trends Over 12 Months



Murray Hill Two-bedroom Price Trends Over 12 Months

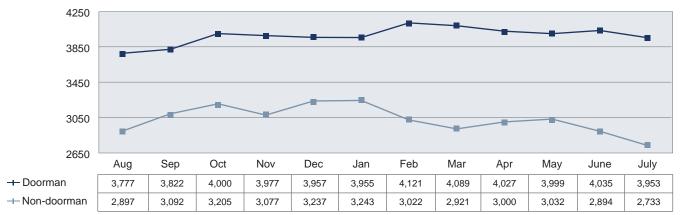


CHELSEA

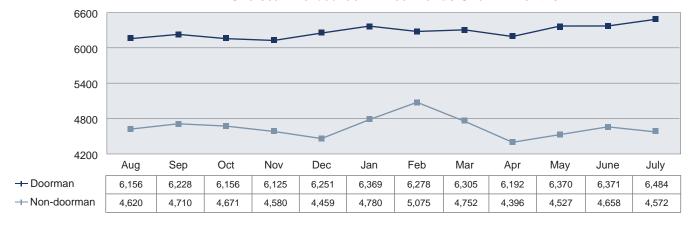
Chelsea Studio Price Trends Over 12 Months



Chelsea One-bedroom Price Trends Over 12 Months

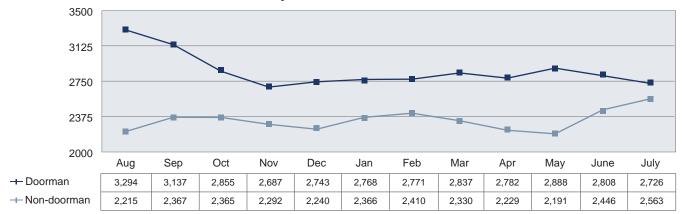


Chelsea Two-bedroom Price Trends Over 12 Months

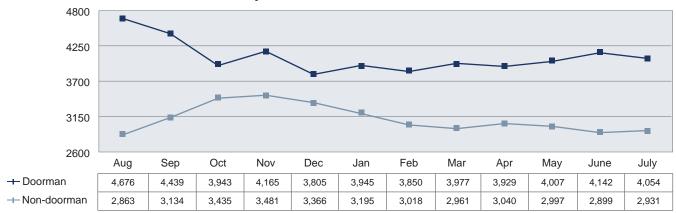


GRAMERCY PARK

Gramercy Park Studio Price Trends Over 12 Months



Gramercy Park One-bedroom Price Trends Over 12 Months



Gramercy Park Two-bedroom Price Trends Over 12 Months

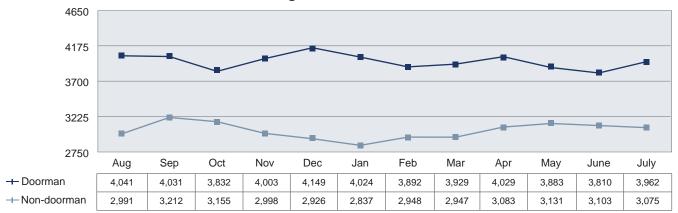


GREENWICH VILLAGE

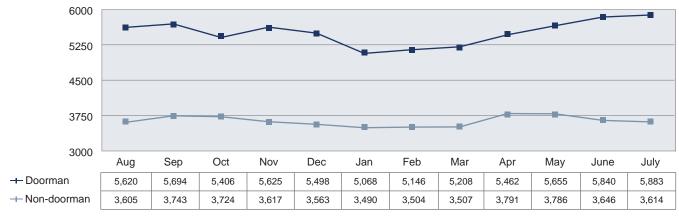
Greenwich Village Studio Price Trends Over 12 Months



Greenwich Village One-bedroom Price Trends Over 12 Months

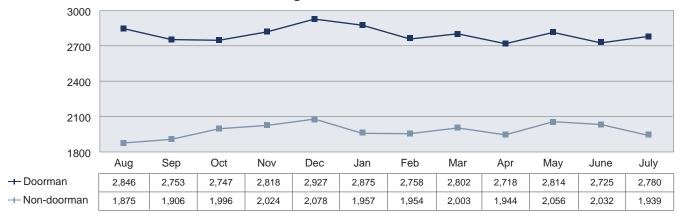


Greenwich Village Two-bedroom Price Trends Over 12 Months

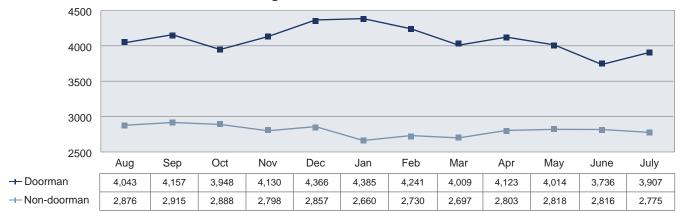


EAST VILLAGE

East Village Studio Price Trends Over 12 Months



East Village One-bedroom Price Trends Over 12 Months



East Village Two-bedroom Price Trends Over 12 Months

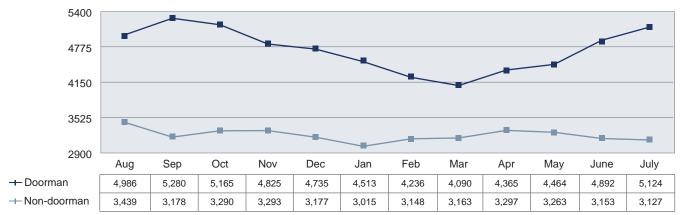


SoHo

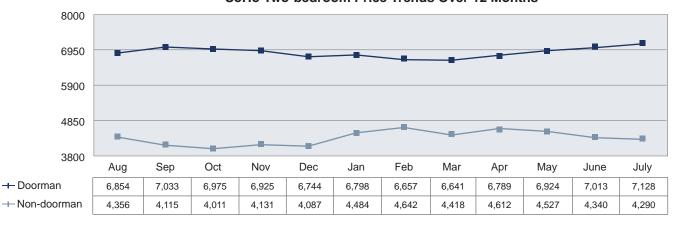
SoHo Studio Price Trends Over 12 Months



SoHo One-bedroom Price Trends Over 12 Months

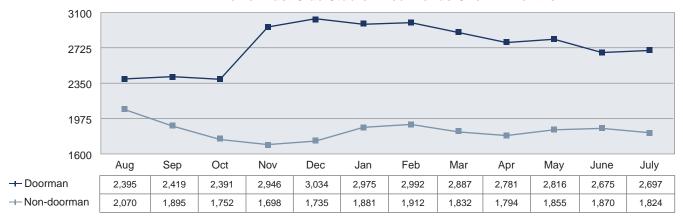


SoHo Two-bedroom Price Trends Over 12 Months

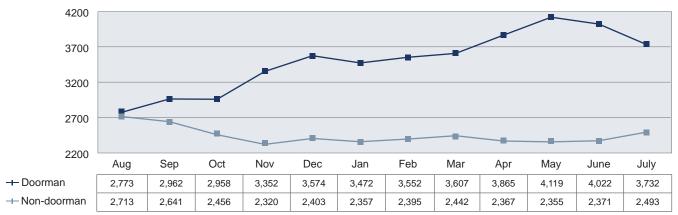


LOWER EAST SIDE

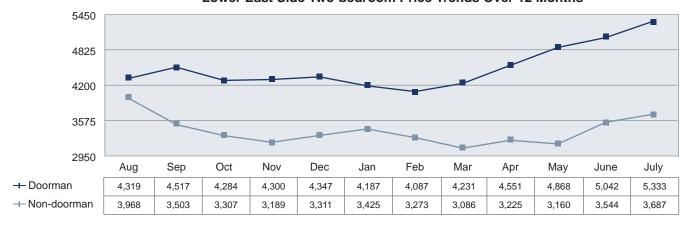
Lower East Side Studio Price Trends Over 12 Months



Lower East Side One-bedroom Price Trends Over 12 Months



Lower East Side Two-bedroom Price Trends Over 12 Months

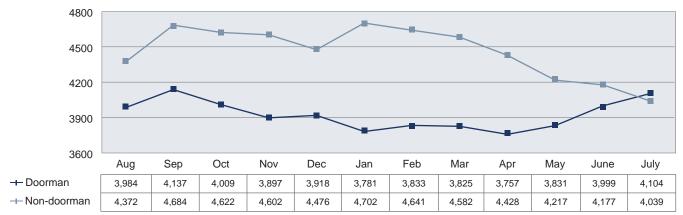


TRIBECA

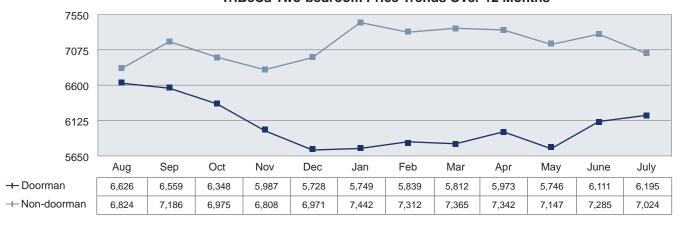
TriBeCa Studio Price Trends Over 12 Months



TriBeCa One-bedroom Price Trends Over 12 Months



TriBeCa Two-bedroom Price Trends Over 12 Months

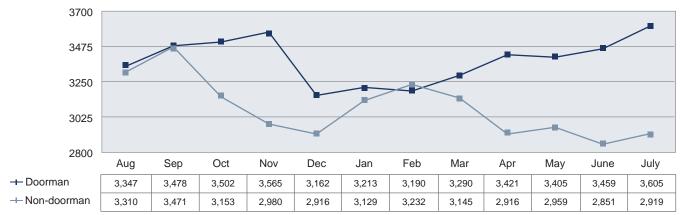


FINANCIAL DISTRICT

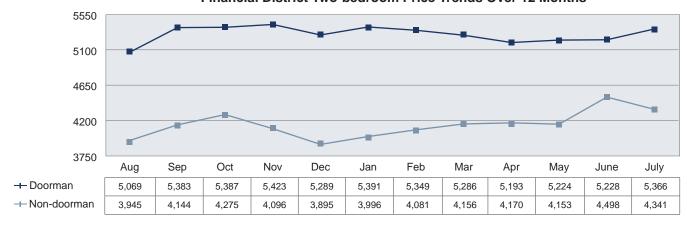
Financial District Studio Price Trends Over 12 Months



Financial District One-bedroom Price Trends Over 12 Months

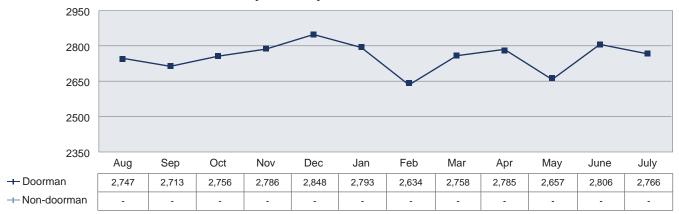


Financial District Two-bedroom Price Trends Over 12 Months

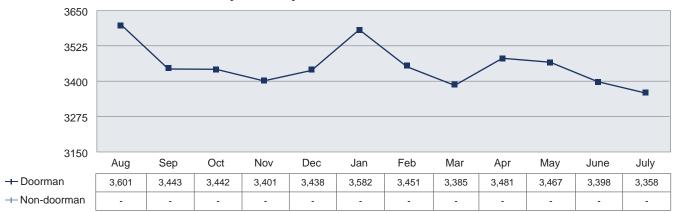


BATTERY PARK CITY

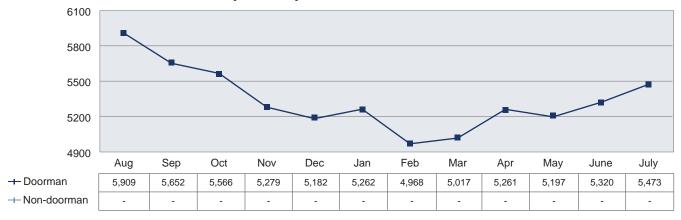
Battery Park City Studio Price Trends Over 12 Months



Battery Park City One-bedroom Price Trends Over 12 Months



Battery Park City Two-bedroom Price Trends Over 12 Months



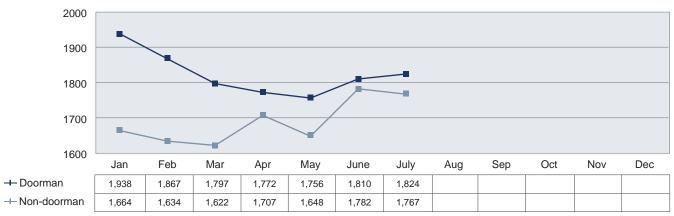
HARLEM

As Harlem's data is new to this report, these graphs only show Harlem rents in 2008 so far.

Harlem Studio Price Trends Over 12 Months



Harlem One-bedroom Price Trends Over 12 Months



Harlem Two-bedroom Price Trends Over 12 Months



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 155th Street and priced under \$10,000, with ultra-luxury property omitted to obtain a true monthly rental average. Our data is aggregated from the TREGNY proprietary database and sampled from a specific mid-month point to record current rental rates offered by landlords during that particular 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: All market data is collected and compiled by The Real Estate Group's marketing department and is overseen by C.O.O. Daniel Baum. The information presented here is intended for instructive purposes only and has been gathered from sources deemed reliable, though it may be subject to errors, omissions, changes or withdrawal without notice.

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