



# MANHATTAN

## Rental Market Overview

1st Half 2006

Manhattan rents in the first half of 2006 increased between 6 and 21% depending on the neighborhood - stronger gains than most investment returns produced in the equities markets. Both the average and median rents in the borough increased by a substantial 6% in this six month period, adding an average of \$242 to the cost of a monthly rent payment.

This mid-year report compares the results from the end of the year 2005 with those in the first half of 2006. Nearly 10,100 rentals were studied for this report from locations throughout Manhattan, from Inwood to Battery Park. Across all categories: areas (Eastside, Westside, Downtown), type of apartments (studio, 1, 2, 3 bedroom and classic 6), neighborhoods (emerging and established), and communities, sizeable gains were made over year end 2005.

The highest rental prices continue to be found in SoHo, Beekman, Central Park South and TriBeCa,

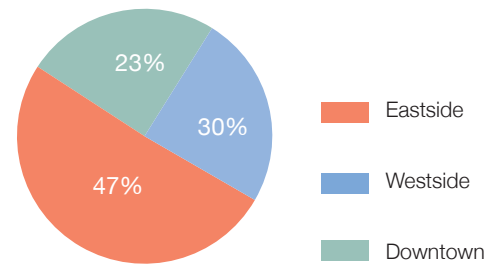
but the greatest gains in prices were mostly in emerging neighborhoods like Washington Heights, the East Village, Clinton, and the Fashion District. The Eastside still boasts the greatest number of rental units with 47% of the total market studied in this period.

By neighborhood, the results show average price increases of 6%, 5% and 6% for the Eastside, Westside, and Downtown respectively. Median prices grew similarly at 7% for the Eastside and Westside and 6% for Downtown. Emerging and established neighborhoods grew at a consistent rate of 5% for the average rental price and 6% for the median rental price. The luxury market continued to show strength in all categories.

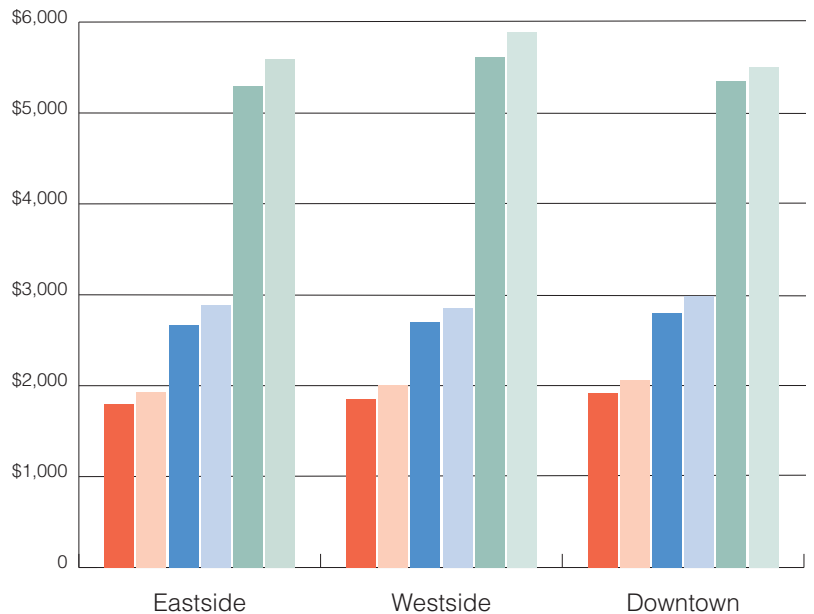
Nationwide, rents are expected to climb 5.3% overall this year, according to a recent study by the National Association of REALTORS. In strong labor markets like New York City, the growth is expected to be even greater but may be impacted

by the number of rentals being added to the market from investors who can no longer "flip" their recently purchased properties as quickly and need to rent them now instead. The potential addition to the rental housing stock resulting from those transactions could result in inventory exceeding demand.

UNITS, % BY AREA, JUNE 2006

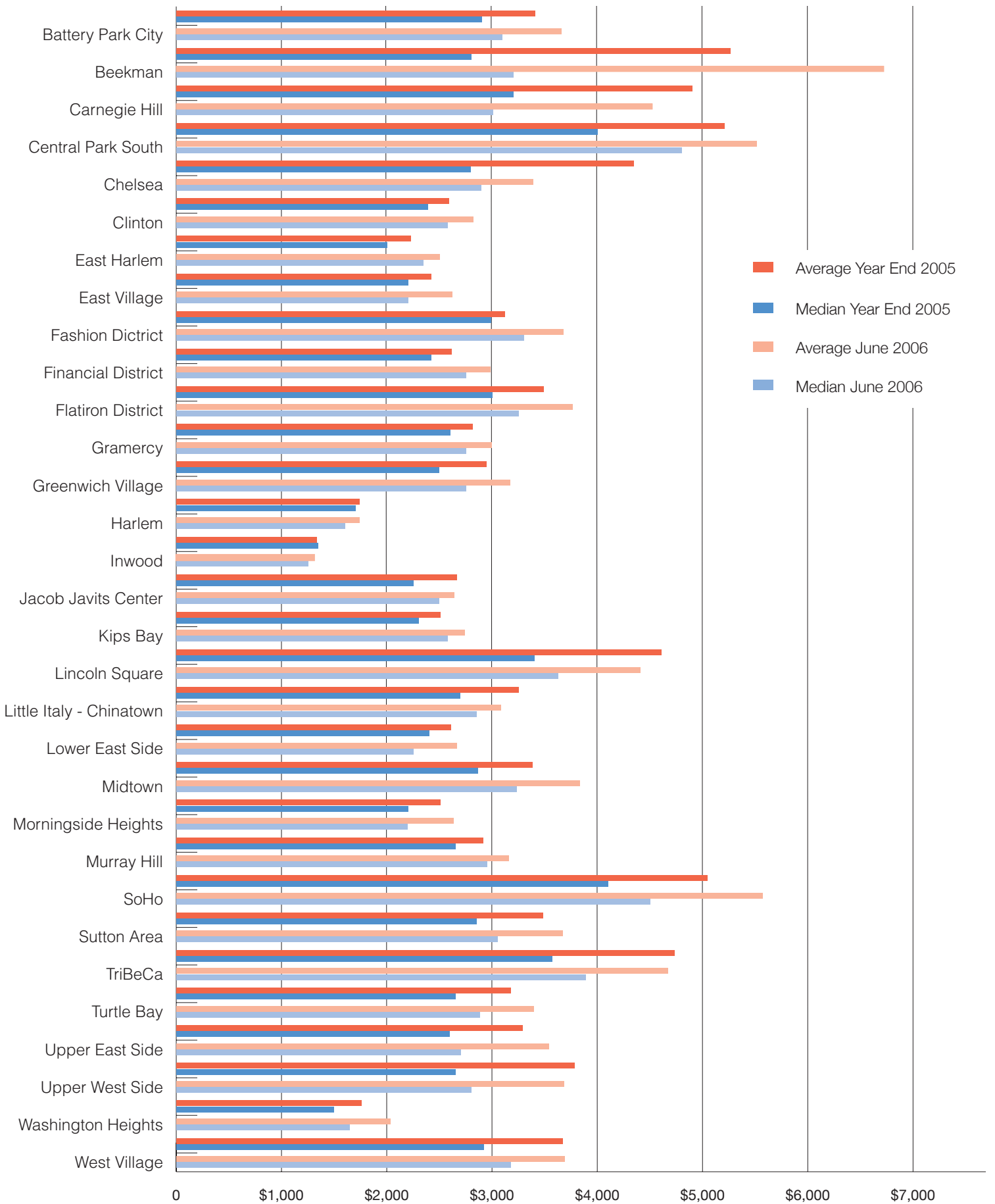


## AVERAGE RENTS BY AREA & CATEGORY YEAR END 2005 VS. JUNE 2006



	Entry Level Year End 2005	Entry Level June 2006	% Change	Mid Range Year End 2005	Mid Range June 2006	% Change	Upper End Year End 2005	Upper End June 2006	% Change
<b>East Side</b>	\$1,799	\$1,934	8%	\$2,664	\$2,855	7%	\$5,296	\$5,596	5.7%
<b>West Side</b>	\$1,851	\$2,008	8%	\$2,698	\$2,851	6%	\$5,617	\$5,892	5%
<b>Downtown</b>	\$1,917	\$2,068	8%	\$2,802	\$2,989	7%	\$5,357	\$5,505	3%

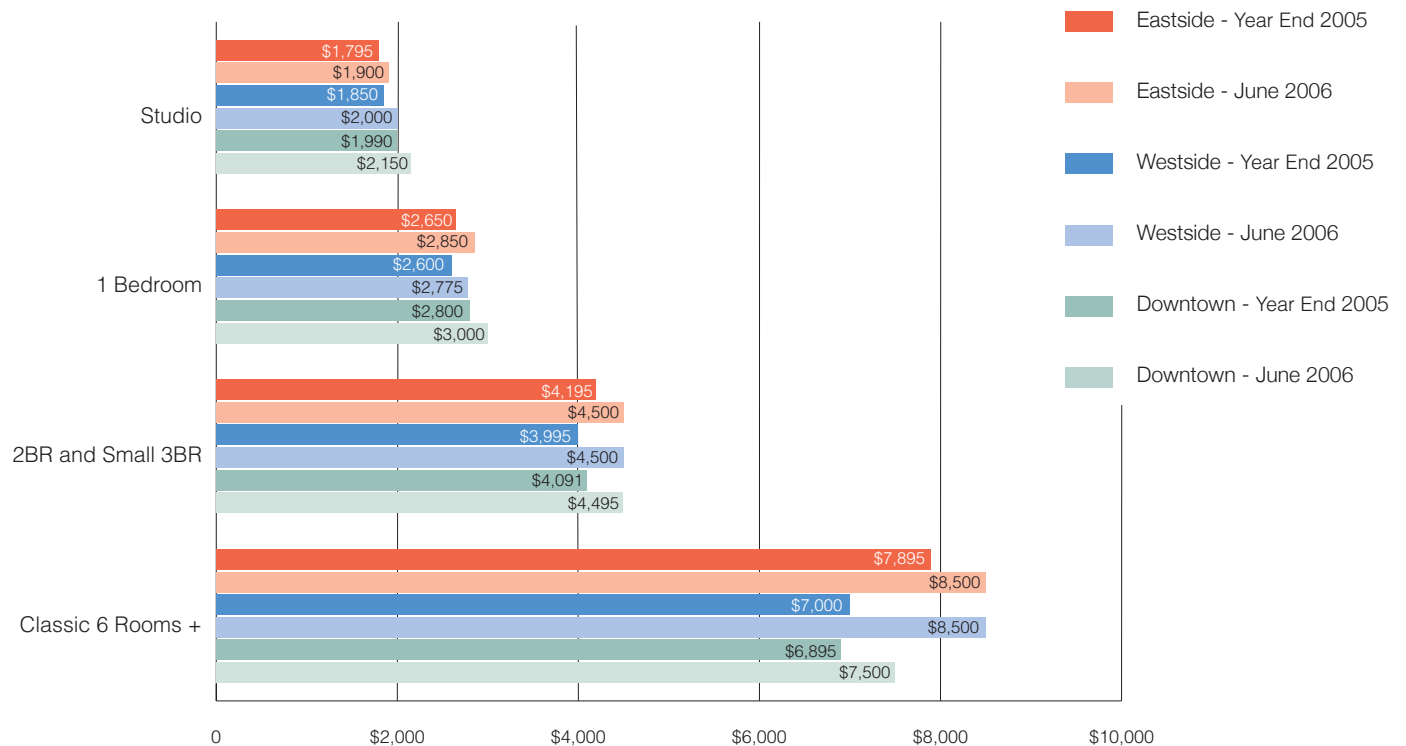
## AVERAGE AND MEDIAN RENTAL PRICES BY NEIGHBORHOOD YEAR END 2005 VS. JUNE 2006



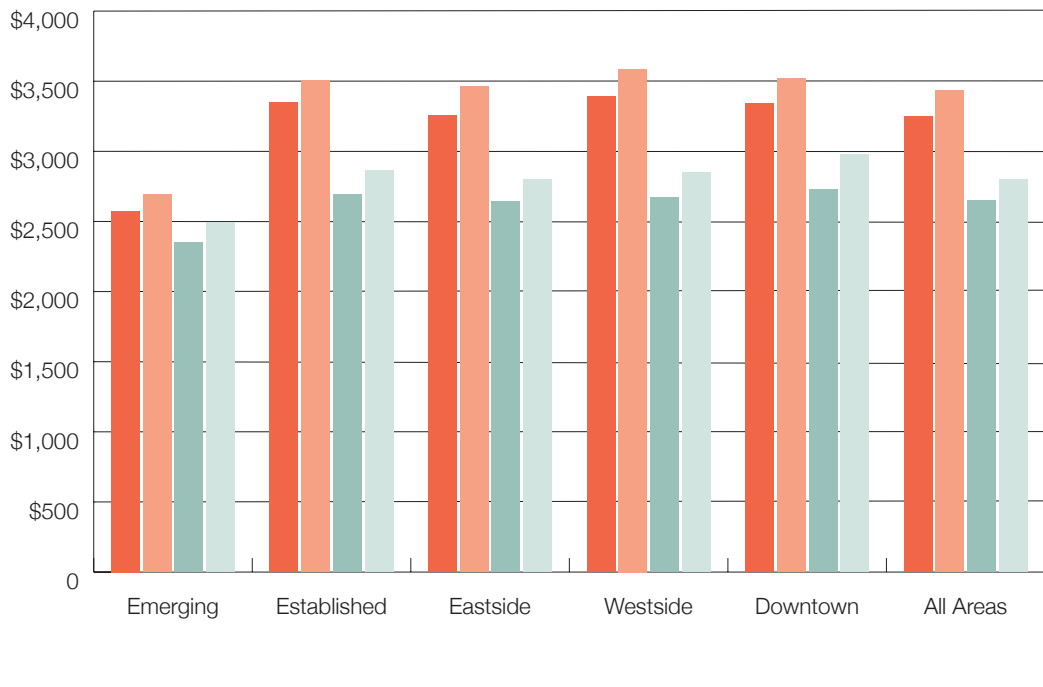
## AVERAGE RENTAL PRICES BY APARTMENT TYPE, CATEGORY & AREA YEAR END 2005 VS. JUNE 2006

		STUDIO		1 BEDROOM		2BR & SMALL 3BR		CLASSIC 6	
		YE 2005	June'06	YE 2005	June'06	YE 2005	June'06	YE 2005	June'06
<b>East Side</b>	Entry Level	\$1,418	\$1,538	\$2,056	\$2,211	\$2,788	\$3,006	\$4,948	\$5,396
	Mid Range	\$1,767	\$1,883	\$2,656	\$2,855	\$4,178	\$4,517	\$7,783	\$8,793
	Upper End	\$2,340	\$2,427	\$3,550	\$3,833	\$6,631	\$6,821	\$15,283	\$17,872
	Overall Average	\$1,842	\$1,954	\$2,754	\$2,967	\$4,531	\$4,785	\$9,349	\$10,719
<b>West Side</b>	Entry Level	\$1,496	\$1,565	\$1,987	\$2,150	\$2,757	\$3,123	\$4,576	\$5,205
	Mid Range	\$1,861	\$2,010	\$2,599	\$2,756	\$4,010	\$4,458	\$7,291	\$8,323
	Upper End	\$2,303	\$2,460	\$3,573	\$3,729	\$6,777	\$7,429	\$16,020	\$16,154
	Overall Average	\$1,887	\$2,012	\$2,720	\$2,878	\$4,514	\$5,007	\$9,273	\$9,894
<b>Downtown</b>	Entry Level	\$1,570	\$1,694	\$2,219	\$2,388	\$2,643	\$2,871	\$5,060	\$4,620
	Mid Range	\$1,966	\$2,148	\$2,811	\$3,039	\$4,118	\$4,459	\$7,645	\$7,324
	Upper End	\$2,666	\$3,060	\$3,938	\$4,056	\$6,967	\$7,371	\$15,750	\$13,899
	Overall Average	\$2,067	\$2,300	\$2,990	\$3,162	\$4,576	\$4,900	\$9,485	\$8,659

## MEDIAN RENTAL PRICES BY AREA & TYPE - YEAR END 2005 VS. JUNE 2006



## AVERAGE RENTAL PRICES IN EMERGING & ESTABLISHED AREAS YEAR END 2005 VS. JUNE 2006



Emerging neighborhoods are those where lower land acquisition costs create compelling opportunities for new rental construction. They do not yet have all the services that come with more densely populated areas of Manhattan.

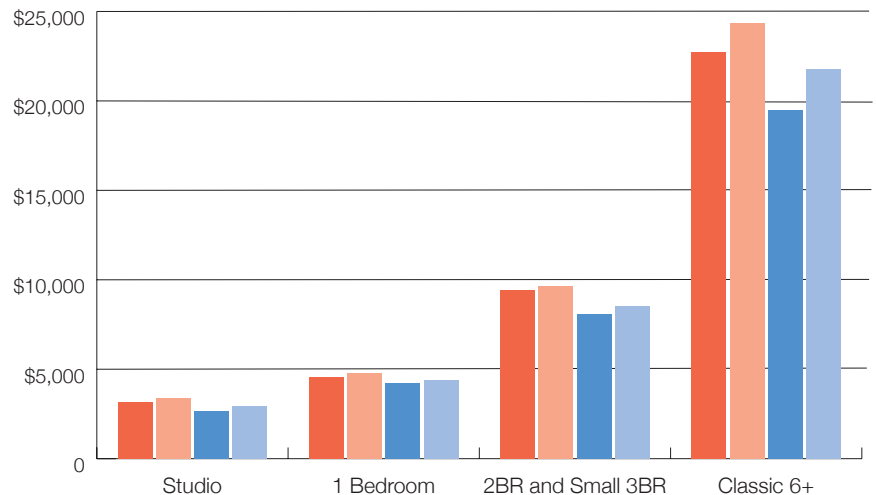
Established neighborhoods are those where higher land acquisition costs diminish opportunities to build rental apartments. Rental prices are driven higher in these areas by amenities like grocery stores, health clubs, schools and other services.

- Average Year End 2005
- Average June 2006
- Median Year End 2005
- Median June 2006

## LUXURY RENTALS BY TYPE, YEAR END 2005 VS. JUNE 2006

Luxury buildings are defined in this report as the top 10% of transactions in any given price range, offering a premium for distinctive finishes, views, fireplaces and appliances.

- Average Year End 2005
- Average June 2006
- Median Year End 2005
- Median June 2006



	Average Year End 2005	Average June '06	% Change	Median Year End 2005	Median June '06	% Change
Studio	\$3,155	\$3,397	8%	\$2,650	\$2,920	10%
1 Bedroom	\$4,534	\$4,752	5%	\$4,200	\$4,400	5%
2BR & small 3BR	\$9,444	\$9,653	2%	\$8,100	\$8,500	5%
Classic 6+	\$22,715	\$24,371	7%	\$19,500	\$21,750	12%

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