

Yardi® Matrix

# Manhattan Faces Affordability Struggles

Multifamily Report Winter 2019

Deliveries Slow Down

Rents Rebound in Second Half

Skilled Labor Demand Grows Further



# MANHATTAN MULTIFAMILY

## Market Analysis

Winter 2019

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## Manhattan Gears Up for More

Manhattan kicked 2019 off with strong fundamentals in place, although affordability issues continue to shape most aspects of its rental market. Rents grew 2.1% year-over-year in the borough, mostly spurred by rates in Lifestyle properties, which reached an average of \$4,558. Affordability will be a top concern in 2019, as highly skilled professionals will continue to flock to the market, pushing upscale rents further.

New York City's education and health services sector added 46,600 jobs, accounting for more than half of all jobs added in 2018. Median home prices exceeded \$1 million in 2018, taking up roughly the same share of incomes as rents do for residents. The city's administration has rolled out several programs targeting the Housing Authority's portfolio, aiming to renovate properties housing 175,000 people. Tech giants Apple and Google announced plans to expand in New York City, driving further demand for a highly skilled labor force.

More than 3,700 units were added to Manhattan's rental stock in 2018, representing 1.1% of total inventory. The Financial District, East Harlem and Lincoln Square led construction, with more than half of the 7,083 units underway in Manhattan being built in those submarkets. Moving forward, we expect NYC rents to rise incrementally, at 0.7% for the year.

### Recent Manhattan Transactions

The Biltmore



City: New York City  
 Buyer: GreenOak Real Estate  
 Purchase Price: \$290 MM  
 Price per Unit: \$625,000

800 Sixth



City: New York City  
 Buyer: Greystar  
 Purchase Price: \$240 MM  
 Price per Unit: \$902,256

Glenn Gardens



City: New York City  
 Buyer: A&E Real Estate Holdings  
 Purchase Price: \$221 MM  
 Price per Unit: \$828,947

160 E. 89th St.



City: New York City  
 Buyer: Ditmas Management  
 Purchase Price: \$55 MM  
 Price per Unit: \$1,080,392