

Manhattan Is Back

May 2025

Occupancy Rises Above 98%

Rent Gains Lead Nation

Job Expansion Slows

MANHATTAN MULTIFAMILY



Strong Rent Growth, Slow Development

Manhattan ended the first quarter with solid growth across almost all fundamentals. Average advertised asking rents were up 0.6% on a trailing three-month basis through March, to \$5,116, well above the 0.1% national rate. Manhattan also surpassed both Queens (0.4%) and Brooklyn (0.5%). Year-over-year, rents in New York City were up 5.5% overall, ranking first among the top 30 metros tracked by Yardi Matrix. Slower supply growth boosted occupancy, which saw a 20-basis-point uptick, to 98.1% as of February.

New York City employment growth stood at 2.0% as of January and was double the national figure. Meanwhile, unemployment clocked in at 4.4% as of February, according to preliminary data from the Bureau of Labor Statistics. The market added a total of 150,050 net jobs over 12 months. Education and health services far outpaced other sectors, adding 99,200 positions, followed by government (15,600) and professional and business services (14,800). Construction was the only sector to shed jobs, down 7,400 net positions.

Developers completed 1,915 units in Manhattan last year, which was 0.6% of existing stock. Volume significantly lagged the 3.5% national figure and continued a slowdown that started in 2021. Meanwhile, the borough had 12,126 units under construction as of March, as well as an additional 39,000 units in the planning and permitting stages.

Market Analysis | May 2025

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Recent Manhattan Transactions

165 East 66 by Stonehenge



City: New York City
Buyer: Stonehenge Partners
Purchase Price: \$128 MM
Price per Unit: \$842,105

Rivers Bend



City: New York City
Buyer: A&E Real Estate Holdings
Purchase Price: \$117 MM
Price per Unit: \$650,838

Renoir House



City: New York City
Buyer: Aya Acquisitions
Purchase Price: \$45 MM
Price per Unit: \$298,013

244 W. 72nd St.

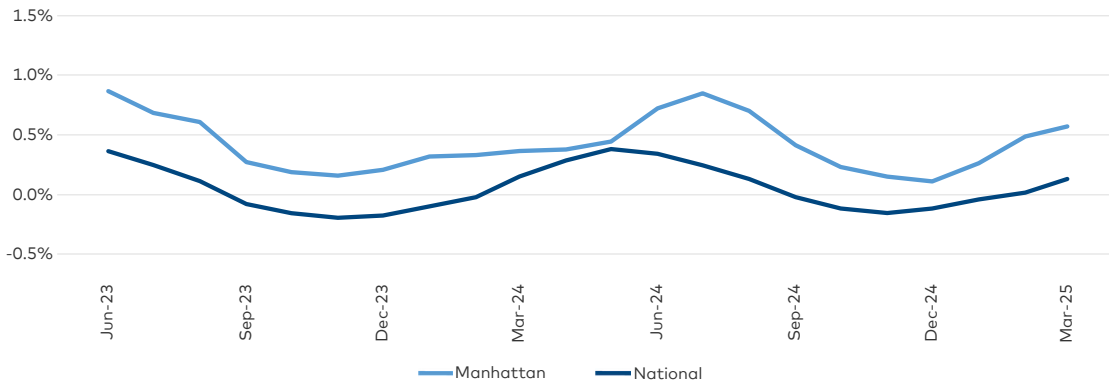


City: New York City
Buyer: City Urban Realty
Purchase Price: \$40 MM
Price per Unit: \$454,545

RENT TRENDS

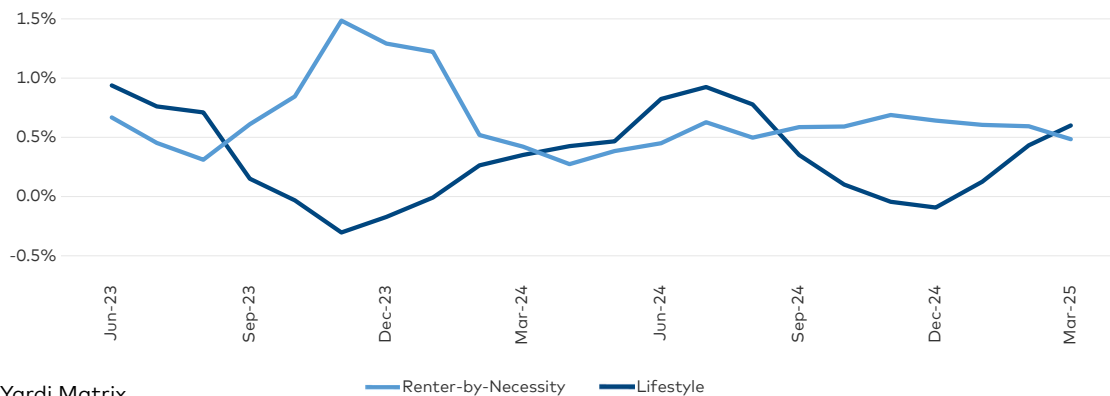
- ▶ Manhattan advertised asking rents grew 0.6% on a trailing three-month (T3) basis through March, to an average of \$5,116. That was 50 basis points ahead of the U.S. figure. Growth accelerated after the winter slowdown, and Manhattan surpassed Queens (0.4%) and Brooklyn (0.5%) on a T3 basis. Year-over-year, New York City asking rents were up 5.5% overall, placing the market first among the top 30 metros tracked by Yardi Matrix. Manhattan came in second among the boroughs, at 5.6%, second only to Queens (7.0%).
- ▶ Advertised asking rents in Manhattan's working-class Renter-by-Necessity segment increased 0.5%, on a T3 basis through March, to \$4,147, while growth in the upscale Lifestyle segment was up 0.6%, to \$5,595.
- ▶ Strong housing demand continued to put upward pressure on the overall occupancy rate in stabilized assets, which ticked up 20 basis points year-over-year, to 98.1% as of February. That was 360 basis points ahead of the nation. Both quality segments were up 20 basis points—97.8% for RBN and 98.4% for Lifestyle.
- ▶ Asking rents were up in all 37 Manhattan submarkets tracked by Yardi Matrix year-over-year as of March, led by Midtown East (up 8.9% to \$5,222), Central Midtown (8.2% to \$4,777), Gramercy Park (7.3% to \$4,172), NoMad (7.2% to \$5,576) and Carnegie Hill (6.7% to \$5,294). Tribeca remained the most expensive submarket by far, with rents up 3.6%, to \$7,617.

Manhattan vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Manhattan Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Metro New York City's employment growth clocked in at 2.0% as of January and was double the national figure. The rate continued to accelerate in the second half of last year and remained consistently ahead of the U.S. average. Year-over-year, employment growth was up 60 basis points.
- The city's unemployment rate clocked in at 4.4% in February, 30 basis points below the U.S. figure, according to preliminary data from the BLS. This was a 30-basis-point improvement over the 4.7% rate recorded in January, signaling the potential for a lasting recovery. The state's unemployment rate stood at 4.3% in February.
- NYC added 150,050 net jobs in the 12 months ending in January. Education and health services almost singlehandedly pushed growth, with 99,200 positions. The government (15,600 jobs), professional and business services (14,800) and financial activities (10,700) sectors also recorded significant gains. Construction was the only sector to lose jobs, down 7,400 positions.
- In 2023, NYC authorities unveiled the Office Conversion Accelerator Program, aiming to speed up the pace of revitalization efforts. Since then, the owners of 64 buildings have submitted plans for such projects. The city aims to convert office space into 20,000 new apartments over the next decade.

New York Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	1,623.3	25.5%
90	Government	806.7	12.7%
60	Professional and Business Services	1,018.1	16.0%
55	Financial Activities	628.6	9.9%
70	Leisure and Hospitality	562.3	8.8%
80	Other Services	245.6	3.9%
50	Information	250	3.9%
40	Trade, Transportation and Utilities	896.4	14.1%
30	Manufacturing	134.3	2.1%
15	Mining, Logging and Construction	201.1	3.2%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Greater New York City lost 103,217 residents in 2022, representing a 0.5% contraction.
- However, NYC's demographic trends have seen a positive shift, with immigration and natural increases making up for overall negative domestic migration from 2022-2024.

Manhattan vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
NYC Metro	19,294,236	19,261,570	20,011,812	19,908,595

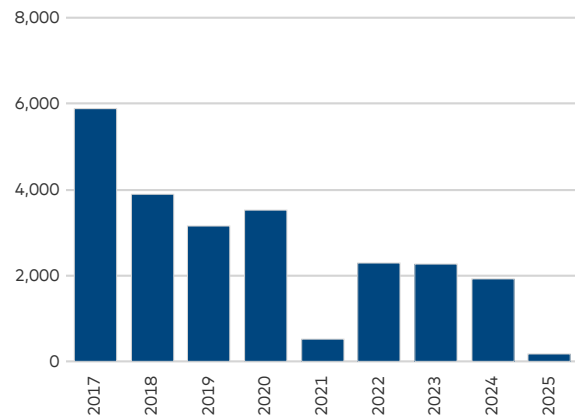
Source: U.S. Census

SUPPLY

- Manhattan developers had 12,126 units under construction as of March, as well as an additional 39,000 units in the planning and permitting stages. The pipeline remained heavily skewed toward the upscale segment, with just over three-quarters of all units in Lifestyle developments. Meanwhile, developers ramped up the affordable pipeline, with 21% of units underway in such projects.
- Developers completed 1,915 units last year, down 15.4% year-over-year, as activity continued to wind down. Completions represented 0.6% of existing stock, strongly lagging the 3.6% national figure, which was in turn heavily influenced by high-growth Sun Belt markets. Manhattan completions have been on a downward trend since 2017, when 5,893 units were delivered. From 2017 to 2024, developers added an average of 2,929 units annually.
- Just three properties, encompassing 672 units, broke ground in the first quarter of 2025. This marked a significant decline from the eight properties and 2,672 units that started construction in the same period of last year, once again highlighting the borough's slowdown.

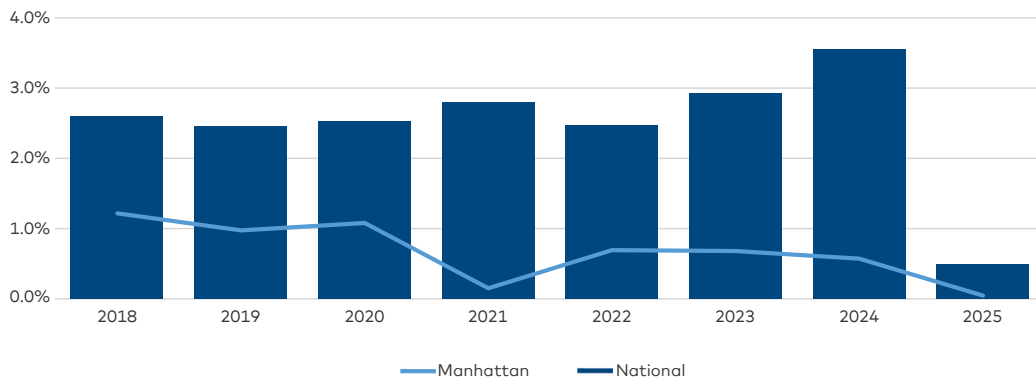
- Four submarkets encompassed more than half of Manhattan's under-construction pipeline. The Financial District (2,603 units underway) led activity, followed by Inwood (1,642), Hell's Kitchen (1,339) and East Harlem (1,059).
- Just one property of more than 50 units came online in Manhattan in the first quarter of this year. Fetner Properties completed a partially affordable, partially age-restricted, 171-unit community on the Upper West Side.

Manhattan Completions (as of March 2025)



Source: Yardi Matrix

Manhattan vs. National Completions as a Percentage of Total Stock (as of March 2025)

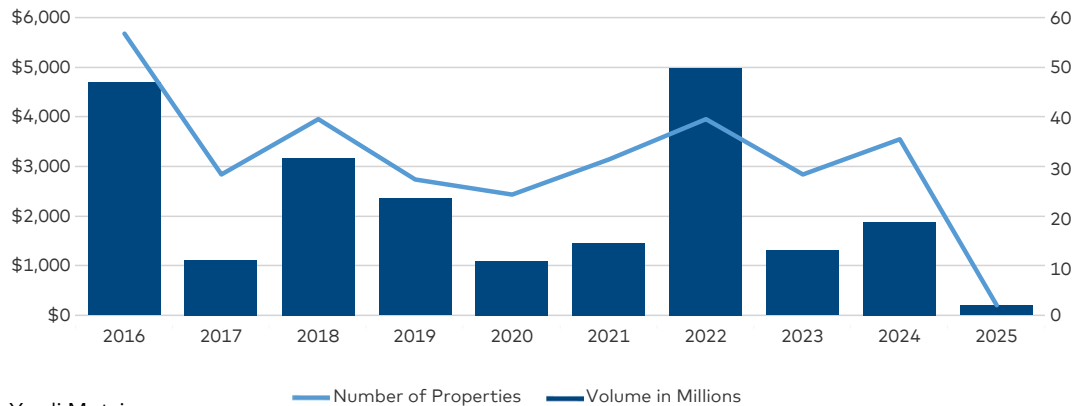


Source: Yardi Matrix

TRANSACTIONS

- ▶ Manhattan investors traded \$1.9 billion in multifamily assets in 2024, signaling that some confidence has returned. Although volume grew 46.2% year-over-year, it was still far below the \$3 billion annual average recorded since 2015. Manhattan's volume fluctuated a lot in this time frame, however, ranging from \$8.4 billion in 2015 to \$1.1 billion in 2020.
- ▶ The average per-unit price clocked in at \$308,769 for last year's sales, 59.4% above the national figure. The disparity between Lifestyle and RBN prices continued to hold, as the former reached an average of \$1 million per unit last year, while the latter stood at \$215,735.
- ▶ During 2025's first quarter, three multifamily assets of more than 50 units each changed hands for a total of \$191 million. A&E Real Estate Holdings' purchase of a 179-unit asset in the Yorkville submarket accounted for more than half of this. Solow Residential sold it for \$117 million, or \$650,837 per unit.

Manhattan Sales Volume and Number of Properties Sold (as of March 2025)



Source: Yardi Matrix

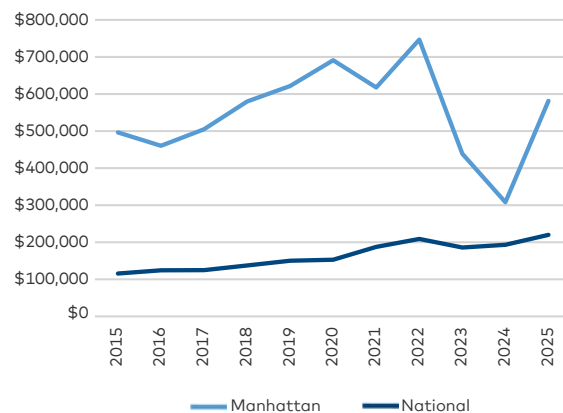
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Financial District	370
Lenox Hill	270
Yorkville	192
East Village	146
Harlem	135
Carnegie Hill	125
NoMad	120

Source: Yardi Matrix

¹ From April 2024 to March 2025

Manhattan vs. National Sales Price per Unit



Source: Yardi Matrix



A Local Developer's Vision for Adaptive Reuse in NYC

By Adina Rogoz

As cities evolve, so too must their buildings. In New York City, the pandemic has dramatically reshaped the way people work and live, leaving many old office buildings underutilized. Local-born entrepreneur Craig Nassi, the founder & CEO of BCN Development, believes this shift is not a challenge but an opportunity to breathe new life into outdated structures. His company is behind the redevelopment of 350 W. 38th St. into much-needed housing.

Why did you decide to purchase this office building and turn it into a residential structure?

Because the best use today for these sitting vacant office buildings is affordable residential. The office market in New York is rapidly diminishing. A large percentage of our office buildings today, especially these older inefficient ones, are sitting 50 percent vacant or more, as people choose to work from home.

The market has never rebounded since the pandemic and no one believes it ever will because people are extremely efficient from home and they prefer to work from home and business owners prefer not to have the overhead of an expensive lease of unnecessary office space.

How does this project align with your broader vision for urban revitalization in Midtown Manhattan?

Our vision is trying to take as many of these outdated inefficient buildings and turning them into a special destination for living and socializing. The goal is to attract many more people to live



in the great city and enjoy modern, efficient, clean, running buildings. As we all know, office buildings that are small and inefficient are becoming obsolete. There are no users or needs for office tenants in these types of buildings any longer. The sophisticated office users today are Fortune 500 companies that need large independent spaces that have all the criteria of modernization and green practices.

How will you balance between preserving the building's historic character and adding 20,000 square feet of modern construction?

The existing buildings facade will remain exactly the same. We will be able to preserve all of the wonderful details of this beautiful brick building. The 20,000 square

feet or additional six stories going on top of the building will also fit into the spirit of the neighborhood.

Do you plan to pursue similar adaptive-reuse projects in other areas of New York City?

We are very bullish on this product type. We believe that more inefficient older office buildings like this that do not have large floorplates and are not what office tenants want, will be converted to residential.

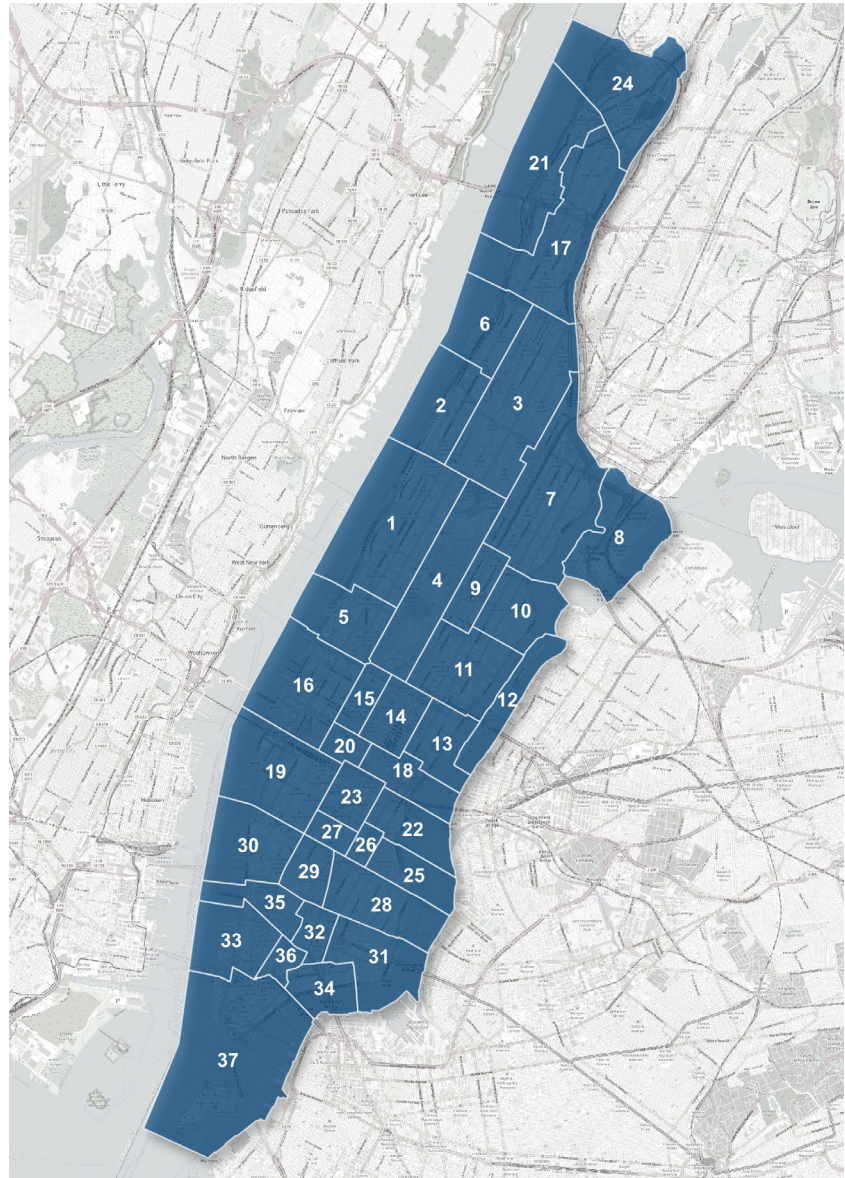
How do you expect Midtown Manhattan to evolve as a residential destination over the next decade?

We feel many people around the world will want to have a second home here and/or find a place to rent for six months at a time while enjoying the city. As the world evolves, we also believe the need for office buildings will diminish and many people will choose to use these apartments as their offices and work from home, therefore making residential a quasi-work use.

(Read the complete interview on multihousingnews.com.)

MANHATTAN SUBMARKETS

Area No.	Submarket
1	Upper West Side
2	Morningside Heights
3	Harlem
4	Central Park
5	Lincoln Square
6	Hamilton Heights
7	East Harlem
8	Randall and Ward Islands
9	Carnegie Hill
10	Yorkville
11	Lenox Hill
12	Roosevelt Island
13	Midtown East
14	Central Midtown
15	Theater District
16	Hell's Kitchen
17	Washington Heights
18	Murray Hill
19	Chelsea
20	Garment District
21	Hudson Heights
22	Kips Bay
23	NoMad
24	Inwood
25	Stuyvesant Town
26	Gramercy Park
27	Flatiron
28	East Village
29	Greenwich Village
30	West Village
31	Lower East Side
32	Chinatown
33	Tribeca
34	Two Bridges
35	SoHo
36	Civic Center
37	Financial District



DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- ▶ *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- ▶ *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- ▶ *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- ▶ *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- ▶ *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- ▶ *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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