

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

2Q 07



Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Inventory drops sharply as number of sales and prices rise

Listing inventory continues to fall as number of sales rise There were 5,237 co-ops and condos available for sale at the end of the second quarter, down 31.5% from the prior year quarter level of 7,640 units, which had been the highest level seen in the seven years this statistic has been tracked for this report. The current inventory level is 11.6% below the prior quarter level of 5,923 units which is in contrast to the 6.3% average gain in the prior 7 years. One of the primary reasons for contraction in inventory has been the record pace of sales activity. There were 3,939 sales in the current quarter, up 103.7% from the 1,934 units in the prior year quarter and 13.4% above the 3,474 units in the prior quarter. Part of the gain is attributed to the release of co-op sales data into the public domain in the third quarter of 2006, however, there was a larger gain in condo sales than co-op sales as compared to the second quarter last year. The high level of sales activity of the past three quarters has brought inventory levels below the five-year monthly average of 5,616 units.

Prices at or near record levels The median sales price reached a record \$895,000 this quarter, up 1.7% above the prior year quarter median sales price of \$880,000 and up 7.2% from the prior quarter median sales price of \$835,000. The average price per square foot was a record \$1,139 this quarter, up 5.2% from the prior year quarters \$1,083 average price per square foot and up 6.4% over the prior quarters

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,333,316	3.3%	\$1,290,391	-3.8%	\$1,386,193
Average Price per Square Foot	\$1,139	6.4%	\$1,070	5.2%	\$1,083
Median Sales Price	\$895,000	7.2%	\$835,000	1.7%	\$880,000
Number of Sales	3,939	13.4%	3,474	103.7%	1,934
Days on Market (from Last List Date)	117	-10.1%	131	-18.6%	144
Listing Discount (from Last List Price)	2.2%		2.6%		3.5%
Listing Inventory	5,237	-11.6%	5,923	-31.5%	7,640

Quarterly Average Sales Price / Manhattan



Note: Uptown statistics are included in the current and historical results.

\$1,070 average price per square foot. Average sales price was \$1,333,316, down 3.8% from the record \$1,386,193 set in the prior year quarter but up 3.3% from the prior quarter average sales price of \$1,290,391. Declining inventory and above average demand continue to place upward pressure on price levels. This price pressure was evident when analyzing the market by bedroom size. While the average sales price of studios slipped 1.9% to \$442,893 and 2-bedrooms declined 1.7% to \$1,630,421 from the prior year quarter, they remained at record levels. The average sales price of a 1-bedroom apartment increased 2.3% from the prior year quarter to a record \$741,267. The largest gains were seen in the 3-bedroom and 4-bedroom markets. The

average sales price of a 3-bedroom apartment was a record \$4,187,753, up 17.6% from the prior year quarter and the average sales price of a 4-bedroom apartment was a record \$9,175,255, up 36.2% from the prior year quarter.

Listing discount and days on market continue to contract The average number of days it took to sell a Manhattan apartment fell 27 days to 117 days from 144 days in the prior year quarter and fell 14 days from 131 days in the prior quarter. This indicator is at its lowest level since the same quarter, two years ago, when the average days on market was 105 days. The highest point for this indicator, since it has been tracked over the past ten years, was 150 days in both the fourth quarter of 2002 and

third quarter of 2006. The lowest point for this indicator was 82 days in the fourth quarter of 1998. The average days on market is measured from the last price change, if any, to the contract date and measures the point where an apartment enters the market as a competitive listing. The average listing discount is the percentage price difference between the contract price and the last listing price change, if any. For the current quarter, the average listing discount was 2.2% down from 3.5% in the prior year quarter and down 2.6% from the prior quarter. This indicator has declined for three consecutive quarters from the recent high of 4% in the third quarter of 2006.

Downtown and Uptown markets show gains in price and share The Uptown market, otherwise known as Northern Manhattan, showed the largest gains with an average price per square foot of \$630, up 10.7% from \$569 per square foot in the prior year quarter. The average price per square foot of a Downtown apartment was \$1,099 per square foot, up 7.2% from the \$1,025 price per square foot average in the prior year quarter. The West Side market averaged \$1,153 per square foot, up 4.3% from the prior year quarter average price per square foot of \$1,105. The East Side average price per square foot was \$1,134 in the current quarter, down 4% from the \$1,181 average price per square foot in the prior year quarter.

Manhattan continues to be real estate contrarian to national market The number of Manhattan apartment sales are at record levels. Listing inventory has fallen sharply from recent highs. Two of three price indicators tracked in this study set records. Days on market and listing discount indicators are contracting. In contrast, national housing statistics, while not reflective of individual markets, show just the opposite. The New York City economy continues to show improvement coming after two consecutive years of record Wall Street bonus payouts. Preliminary indicators from the financial services sector show more of the same strength bonus income in the coming year. Mortgage rates are low despite recent increases. The government is running a

budget surplus, unemployment is low and the weak dollar has brought in significant foreign investment. The constant in the demand/supply equation has been new development activity, whose pace has not abated for the past three years. It contributed to the rise in inventory levels of 2005 and 2006, but the significant demand has more than offset new product added to the market in 2007. The relatively inelastic short term response to demand suggests that the high level of demand is something to focus on for the remainder of the year and through 2008.

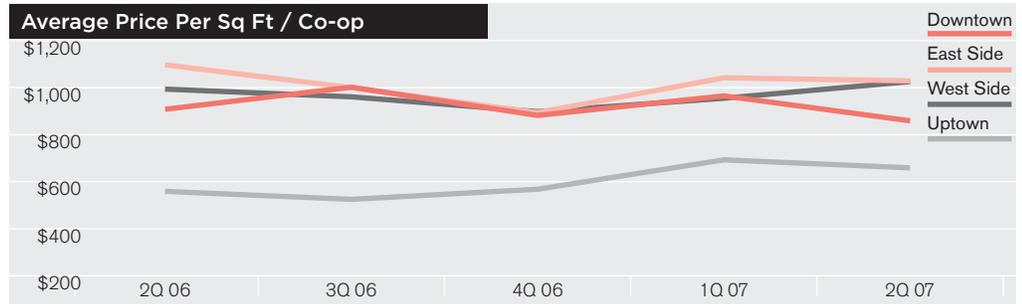
CO-OP Market

Price direction mixed as inventory drops sharply

Listing inventory falls, number of sales increase There were 2,481 co-op apartments listed for sale at the end of the quarter, 39.6% below the prior year quarter total of 4,105 and 15.3% below the prior quarter total of 2,929. Current inventory levels are at their lowest since the fourth quarter of 2004, when there were 2,384 co-op apartments available for sale. There were 1,595 co-op sales this quarter, up

91.9% from the prior year quarter total of 831 sales but down 9.9% from the prior quarter total of 1,771. The prior year quarter total was an unusually low amount which exaggerated the gain as compared to the current quarter. The quarterly average number of co-op sales over the past five years excluding the current quarter has been 1,312 units.

Prices were mixed, skewed by shift to smaller units The median sales price was \$695,000, second only to the prior year quarter median sales price of \$722,000 and showed a decline of \$3.7%. It was 3% higher than the prior quarter median sales price of \$675,000. Average price per square foot followed a similar pattern, falling 1.2% to \$983 in the current quarter, down from the prior year quarter record of \$995 per square foot but up 0.8% from the prior quarters \$975. Average sales price also followed the same pattern but was more affected by the change in apartment mix. The average sales price was \$1,150,765, down 11.2% from the prior year quarter record of \$1,296,452, but up 1.6% from the prior quarter average sale price of \$1,132,325. The average sales price of a studio apartment in the current quarter was \$373,732, nearly unchanged from the \$375,882



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,150,765	1.6%	\$1,132,325	-11.2%	\$1,296,452
Average Price per Square Foot	\$983	0.8%	\$975	-1.2%	\$995
Median Sales Price	\$695,000	3%	\$675,000	-3.7%	\$722,000
Number of Sales	1,595	-9.9%	1,771	91.9%	831
Days on Market (from Last List Date)	121	-11.7%	137	-12.3%	138
Listing Discount (from Last List Price)	1.7%		2.4%		3%
Listing Inventory	2,481	-15.3%	2,929	-39.6%	4,105

Co-op Apartment Mix	% of Total	Avg. Price
Studio	21%	\$373,732
1 bedroom	35%	\$625,343
2 bedroom	37%	\$1,389,037
3 bedroom	5%	\$3,472,665
4+ bedroom	2%	\$9,985,767

average sales price in the prior year quarter. The average sales price of a 1-bedroom was the second highest on record at \$625,343, up 9% from the prior year quarter. The 2-bedroom market was down from the prior year quarter by 6.8% to \$1,389,037 but was the second highest average sales price on record, however, it was up 6.4% from the prior quarter. The average sales price of a 3-bedroom apartment increased 7% to a record \$3,472,665 from the prior year quarter. The average sales price of a 4-bedroom apartment was a record \$9,985,767 this quarter, up 17% from the prior year quarter. The entry level market, comprised of studio and 1-bedroom apartments, had a 56% market share up from a 52% market share in the prior year quarter, while 2-bedroom apartments lost 2% market share and 3 and 4 bedroom apartments each lost 1% market share.

Days on market and listing discount contract The average co-op apartment took 121 days to sell as measured by the last list price change, if any, to contract date. This is a 17-day drop from the prior year quarter total of 138 days and a 16 day drop from the prior quarter total of 137 days. The reduction in marketing time correlates to the drop in inventory levels. Fewer

properties to choose from creates competition among buyers. The average listing discount was 1.7% this quarter, down from 3% in the prior year quarter and down from 2.4% in the prior quarter.

CONDO Market

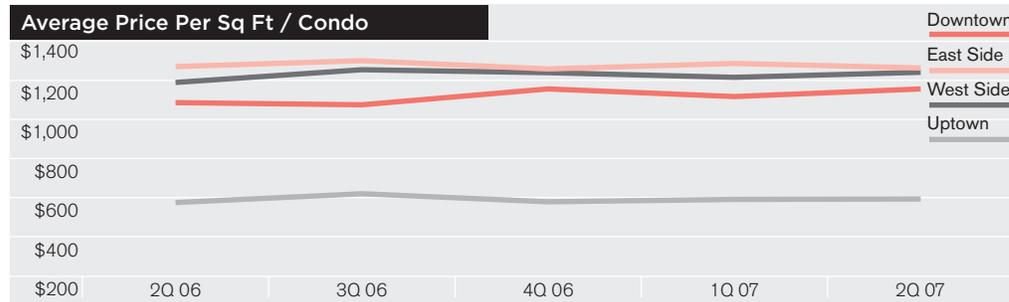
Price indicators increased as inventory dropped

Inventory declined as number of sales increased The number of condo units in inventory fell 22% to 2,756 this quarter, from 3,535 units in the prior year quarter and down 7.9% from the prior quarter total of 2,994. Listing inventory, which includes re-sales and new development, has been trending down since the third quarter of 2006, when it peaked at 3,943 units. Currently it is estimated that new development comprised 33.9% of all condo inventory, but this does not include units being marketed but not yet offered. While overall condo inventory is falling, the number of sales continues to increase. There were 2,344 condo units that closed in the current quarter, up 112.5% from the prior year quarter of 1,103 units and up 37.6% from the prior quarter total of 1,703 units. The doubling in

demand, as measured by the number of sales has eroded inventory levels over the past year. The overall decline in condo inventory was roughly half the drop in co-op inventory, likely because of additional new development inventory being added to the market. Condo development, in the form of new construction and conversion activity, continues to add units to the market. There is no apparent sign of easing this output over the next 1-2 years. However, the elevated demand levels continue to keep inventory levels contracting.

Price indicators show increases The median sales price of a Manhattan condo apartment was the second highest on record at \$1,040,000, up 5.1% from the prior year quarter median sales price of \$990,000 and up 5% from the prior quarter median sales price of \$990,248. The average price per square foot was \$1,178, also the second highest on record. It was 2.5% above the prior year quarter average price per square foot of \$1,149 and up 0.8% above the prior quarter average price per square foot of \$1,169. Average sales price showed only slight increases as compared to the prior year quarter and prior quarter. The average sales price in the current quarter was \$1,457,535, up 0.3% from the prior year quarter average sales price of \$1,453,803 and up 0.2% above the prior quarter average sales price of \$1,454,768. The unit mix sold this quarter showed a 3% increase in 2-bedroom sales to 48% which was offset by both a 2% decline in entry level units, considered studio and 1-bedroom apartments, as well as a 1% drop in the number of 4-bedroom units.

Listing discount and days on market continue to contract The average days on market was 115 days in the current quarter, down 34 days from the prior year quarter average of 149 days and down 9 days from the prior quarter average of 124 days. This indicator peaked in the fourth quarter of 2006 at 162 days and has dropped sharply for two consecutive quarters. The average listing discount was 2.6% this quarter, down from 3.9% in the prior year quarter and down from 2.8% in the prior quarter. The contraction of these indicators is consistent with the decline in condo inventory.



Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,457,535	0.2%	\$1,454,768	0.3%	\$1,453,803
Average Price per Square Foot	\$1,178	0.8%	\$1,169	2.5%	\$1,149
Median Sales Price	\$1,040,000	5%	\$990,248	5.1%	\$990,000
Number of Sales	2,344	37.6%	1,703	112.5%	1,103
Days on Market (from Last List Date)	115	-7.3%	124	-22.8%	149
Listing Discount (from Last List Price)	2.6%		2.8%		3.9%
Listing Inventory	2,756	-7.9%	2,994	-22%	3,535

Condo Apartment Mix	% of Total	Avg. Price
Studio	14%	\$512,472
1 bedroom	32%	\$828,288
2 bedroom	48%	\$1,756,397
3 bedroom	5%	\$4,694,274
4+ bedroom	1%	\$7,013,889

LUXURY Market

Inventory declines, price indicators slip

Inventory drop outpaces overall market levels, days on market falls

There were 981 listings estimated to be above the \$2,600,000 threshold this quarter, down 41.1% from the 1,666 luxury listings in the prior year quarter. The overall market saw a 31.5% drop in listing inventory as compared to the prior year quarter. The average number of days to sell a luxury apartment was 128, down 32 days from the 150 day average in the prior year quarter and down 1 day from the 129 day average in the prior quarter. The average listing discount was 2.3%, down from 4.2% in the prior year quarter and unchanged from the prior quarter.



Overall price indicators slip yet largest units increase

Median sales price was \$3,600,000 this quarter, the third highest on record, down 10% from the prior year quarter record of \$4,000,000 which is the highest quarterly luxury median sales price. The average price per square foot was \$1,743, down 5.4% from the \$1,842 average price per square foot seen in the prior year quarter, but unchanged from the \$1,744 price per square foot in the prior quarter. The median sales price was 5.1% above the prior quarter median sales price of \$3,425,000. The overall average sales price this quarter was \$4,598,730, down 8.3% from the prior year quarter average sales price and down 0.9% from the prior quarter average sales price of \$4,641,861. However, these overall indicators were skewed by the expansion of the

luxury market this quarter as a percentage of the overall market. This was evidenced by the 17.6% and 36.2% increase in the 3-bedroom and 4-bedroom markets as discussed in the Manhattan market section at the beginning of this report.

Luxury sales dollar volume set records The top ten percent of all sales this quarter accounted for 34.5% of total aggregate sales dollars which is below the 36.1% level seen in the prior year quarter and below the 35.9% level reached in the prior quarter. The total aggregate luxury sales dollars for the quarter was \$1,811,899,620, a record level up 12.5% from the previous record total of \$1,610,725,767 set in the prior quarter.

Note: This sub-category is the analysis of the top ten percent of all co-op and condo sales. The data is also contained within the co-op and condo markets presented.

Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$4,598,730	-0.9%	\$4,641,861	-8.3%	\$5,013,147
Average Price per Square Foot	\$1,743	-0.1%	\$1,744	-5.4%	\$1,842
Median Sales Price	\$3,600,000	5.1%	\$3,425,000	-10%	\$4,000,000
Number of Sales	394	13.5%	347	104.1%	193
Days on Market (from Last List Date)	128	-0.8%	129	-14.7%	150
Listing Discount (from Last List Price)	2.3%		2.3%		4.2%
Listing Inventory	981	-12.9%	1,126	-41.1%	1,666

LOFT Market

Number of sales increased, prices set records

Loft price indicators set records The median sales price of a Manhattan loft apartment increased to a record \$1,650,000, up 10% from the prior year quarter median sales price of \$1,500,000 and up 1.2% from the prior quarter median sales price of \$1,630,000. Average price per square foot was a record \$1,246 this quarter which was 6.5% above the prior year quarter average price per square foot of \$1,170 and up 2.6% above the prior quarter average price per square foot of \$1,215. Average sales price followed the same pattern, rising 22.1% to a record \$2,411,429

in the current quarter from \$1,974,623 in the prior year quarter and up 16.7% from an average sales price of \$2,067,133 in the prior quarter. The sharp jump in average sales price indicates that there were a few unusually large loft unit sales that skewed this indicator upward.

Number of sales and inventory increased

There were 233 loft sales tracked in the current quarter, up 6.9% from the prior year quarter total of 218 sales and up sharply from the prior quarter total of 183 units. This was the highest level of sales activity since the third quarter of 2004, when the total reached 236 units. However, listing inventory appeared to spike this quarter to 527 units, up 40.2% from the prior year quarter total of 376 units and up 12.1% from the prior quarter total

of 470 units. It would be expected that inventory would move in the opposite direction as the number of sales. However, the low listing inventory total in the prior year quarter appears to be an anomaly since the subsequent quarters totaled 644, 593, 470 and 527 units and inventory levels generally trended downward over the same period.

Loft properties sold more quickly The average days on market for a loft apartment this quarter was 123 days, down 9 days from the prior year quarter total of 132 days and down 13 days from the prior quarter average of 136 days on the market. The average listing discount was down nominally to 3.4% from the prior year quarter listing discount of 3.5%, but up from 2.5% in the prior quarter.

Note: This sub-category is the analysis of all co-op and condo loft sales available. The data is also contained within the co-op and condo markets presented.



Loft Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$2,411,429	16.7%	\$2,067,133	22.1%	\$1,974,623
Average Price per Square Foot	\$1,246	2.6%	\$1,215	6.5%	\$1,170
Median Sales Price	\$1,650,000	1.2%	\$1,630,000	10%	\$1,500,000
Number of Sales	233	27.3%	183	6.9%	218
Days on Market (from Last List Date)	123	-9.6%	136	-6.8%	132
Listing Discount (from Last List Price)	3.4%		2.5%		3.5%
Listing Inventory	527	12.1%	470	40.2%	376

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PRUDENTIAL DOUGLAS ELLIMAN REAL ESTATE
575 Madison Avenue
New York, NY 10022
212.891.7000
prudentialelliman.com

MILLER SAMUEL INC. REAL ESTATE APPRAISERS
21 West 38th Street
New York, NY 10018
212.768.8100
millersamuel.com

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