

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

2Q 10



Prepared by Miller Samuel Inc.
Appraisal and consulting services covering
the New York City metropolitan area

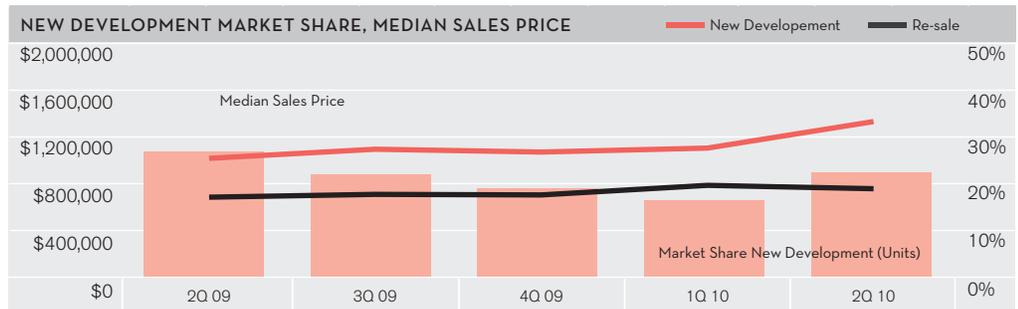
Number of sales up sharply as prices stabilized

Price indicators continued to show stabilization

The median sales price of a Manhattan apartment was \$899,000 in the second quarter, up 7.6% from \$835,700 in the same period a year ago and up 3.6% from \$868,000 in the prior quarter. Average sales price showed the same pattern, rising 9.1% to \$1,432,712 in the second quarter from \$1,312,920 in the prior year quarter and up 0.4% from \$1,426,994 in the prior quarter. However, price per square foot generally remained stable over the year, slipping a nominal 0.5% to \$1,051 per square foot in the second quarter from \$1,056 per square foot in the prior year quarter, but rising 1.2% from \$1,038 per square foot in the prior quarter. Price per square foot is a more reliable indicator of overall price trends in the second quarter due to the general increase in the size of apartments that sold. The average square footage of a Manhattan apartment that sold in the second quarter was 1,364 square feet, up 9.7% from 1,243 square feet in the prior year quarter. This trend corresponds to the increase in the level of sales activity at the upper end of the market in 2010 compared to greater weighting of the entry-level market activity in 2009.

Number of sales continues to rise as inventory stabilized There were 2,756 sales in the second quarter, up 79.9% from 1,532 sales in the prior year quarter and up 15.6% from 2,384 sales in the prior quarter. The number of sales was the highest since the second quarter of 2008 when there were 3,081 sales and above the 2,411 quarterly

MANHATTAN MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,432,712	0.4%	\$1,426,994	9.1%	\$1,312,920
Average Price per Square Foot	\$1,051	1.2%	\$1,038	-0.5%	\$1,056
Median Sales Price	\$899,000	3.6%	\$868,000	7.6%	\$835,700
New Development	\$1,395,000	20.3%	\$1,160,000	30.5%	\$1,069,162
Re-Sale	\$800,000	-3.6%	\$830,000	10.3%	\$725,000
Number of Sales	2,756	15.6%	2,384	79.9%	1,532
Days on Market (from Last List Date)	105	-15.5%	124	-35.2%	162
Listing Discount (from Last List Price)	9.1%		5.4%		7.8%
Listing Inventory	8,157	1.6%	8,027	-13%	9,378



average over the past decade. The rise from the prior quarter reflects a seasonal increase, consistent with the 10.2% uptick seen between the first and second quarters over the past two

decades. New development sales accounted for 22.6% of total sales in the second quarter, down from 27% in the same period a year ago. Improvement in the upper end of the market is

evidenced by the increase in market share of 3-bedroom sales to 18% from 12% in the same period last year. Available listing inventory, which excludes “shadow inventory” was 8,157 in the second quarter, 13% below the 9,378 listing total of the prior year quarter, but up 1.6% from the prior quarter total of 8,027. “Shadow inventory”, apartments at or near completion but not formally listed for sale, is estimated at approximately 6,500 units. The total level of available inventory was in sync with the 8,037 listing inventory average of the past five years.

Days on market continues to fall, listing discount rises The average days on market in the second quarter was 105 days, down sharply from 162 days in the same period a year ago and down from 124 days in the prior quarter. The reduction in days on market is consistent with the rise in the pace of sales activity. Listing discount increased to 9.1% from 7.8% in the prior year quarter and up from 5.4% in the prior quarter. The rise in listing discount relative to the sharp decline seen in the prior quarter suggests the prior quarter drop was an anomaly. The listing discount is consistent with the rise in “re-sale” inventory that was pulled from the market in early 2009, which was priced for the “pre-Lehman” market and re-listed in 2010. Since this additional inventory was generally priced above market levels, the buyer and seller had further to travel between list price and contract price to reach a “meeting of the minds”.

The first half of 2010 was a significant improvement over 2009 Since the beginning of the year, sales activity has been significantly higher compared to the early quarters of 2009, immediately following the Lehman Brothers bankruptcy-the credit crunch tipping point of September 15, 2008. The mortgage “net” cast to borrowers remains smaller than it had been in recent years serving to temper the pace of recovery of the regional housing market. High unemployment levels, “shadow inventory” and tight credit are challenges that continue to face the market, but general market conditions are significantly improved over the same period a year ago.

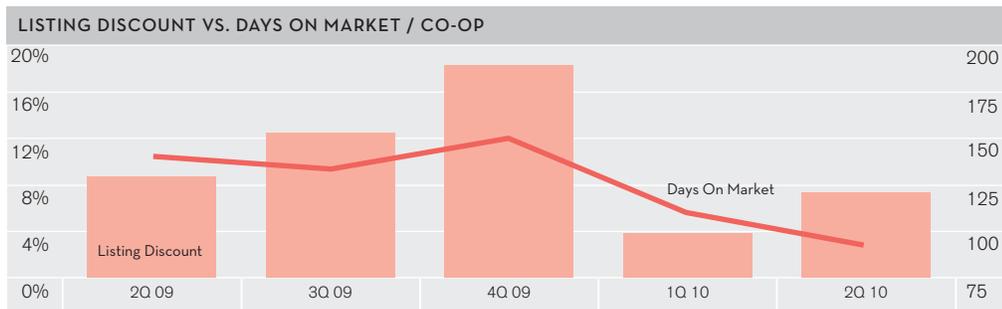
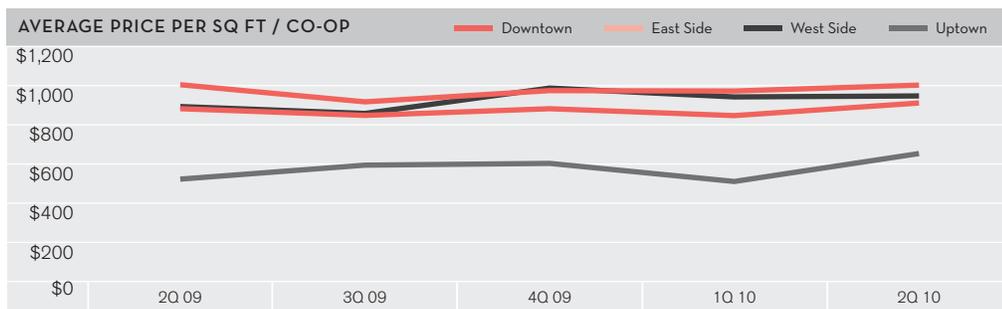
CO-OP *market*

Price indicators stabilized as number of sales rose

Number of sales up sharply from prior year quarter Co-op sales comprised 43.7% of apartment sales in the second quarter, below the 47.9% 5-year average. Co-op sale market share averaged 54.5% and 57.8% over the past 10 years and 20 years respectively. There were 1,203 co-op sales in the second quarter, 65.2% more than the 728 sales in the prior year quarter and 8.3% more than the prior quarter total of 1,111. The second quarter number of sales was consistent with the 1,157 quarterly average number of sales over the past five years. Studio and 1-bedroom market share fell to 56% in the second quarter, down from 61% in the prior year quarter. The entry-level co-op market is known as a key access point from the rental market for first time buyers. This decrease in market share was offset by the 2-bedroom and 3-bedroom increase to 42% market share from

35% in the prior year quarter. The 3-bedroom 12% market share is consistent with the prior year market share, but double the 5 year 6% average, indicating improved demand at the upper end of the co-op housing market. Listing inventory totaled 3,948 at the end of the quarter, 10.3% below the 4,399 listings in the same period last year, but 3.6% higher than the 3,809 listings in the prior quarter. New development co-op listing inventory, in the cond-op form of ownership comprised only 1.6% of total inventory, as new development favors condominiums. The co-op monthly absorption rate is 9.8 months, nearly one month faster than the 10.5 month average over the past decade.

Price indicators show stabilization The median sales price for a Manhattan co-op was \$697,501 in the second quarter, 7.5% higher than \$649,000 in the prior year quarter and 1.8% above \$685,000 in the prior quarter. Average sales price for a Manhattan co-op was \$1,113,173 in the second quarter, 4.2% higher than \$1,068,726 in the prior year quarter, but 1.8% below \$1,133,715 in the



CO-OP MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,113,173	-1.8%	\$1,133,715	4.2%	\$1,068,726
Average Price per Square Foot	\$943	3.9%	\$908	2.8%	\$917
Median Sales Price	\$697,501	1.8%	\$685,000	7.5%	\$649,000
Number of Sales	1,203	8.3%	1,111	65.2%	728
Days on Market (from Last List Date)	92	-16.4%	110	-34.8%	141
Listing Discount (from Last List Price)	7.3%		3.8%		8.7%
Listing Inventory	3,948	3.6%	3,809	-10.3%	4,399

CO-OP APARTMENT MIX	% of Total	Median Price
Studio	16%	\$380,000
1 bedroom	40%	\$599,000
2 bedroom	30%	\$1,100,000
3 bedroom	12%	\$2,200,000
4+ bedroom	2%	\$4,400,000

prior quarter. Price per square foot was \$943 in the second quarter, 2.8% above \$917 per square foot in the prior year quarter and 3.9% above the \$908 price per square foot of the prior quarter. The East Side price per square foot was the highest of the four regions at \$1,001 per square foot, essentially unchanged from \$1,003 in the same period a year ago. Uptown jumped 24.9% to \$653 per square foot from \$523 per square foot, but was largely due to a shift in mix to larger apartments. Downtown averaged \$910 per square foot, 3.3% above the \$881 per square foot in the prior year quarter and the West Side was 6.1% higher at \$946 per square foot from \$892 in the same period a year ago.

Days on market shortened as listing discount slips Co-op sales averaged 92 days on market, down sharply from 141 days in the prior year quarter and down from 110 days in the prior quarter. This is consistent with the rise in the number of sales and decline in available listing inventory. Listing discount slipped to 7.3% from 8.7% in the prior year quarter, but was up from 3.8% in the prior quarter.

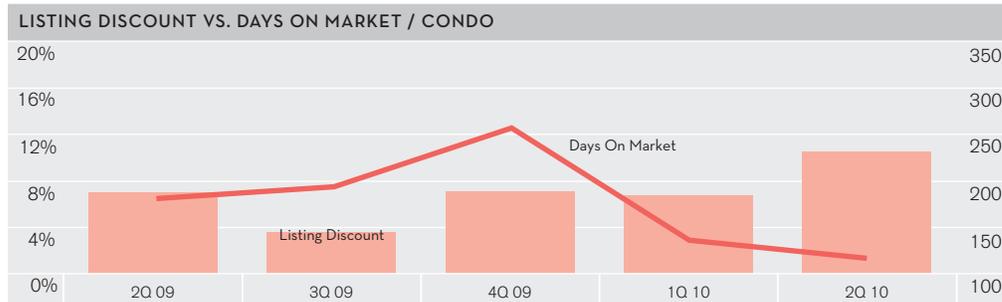
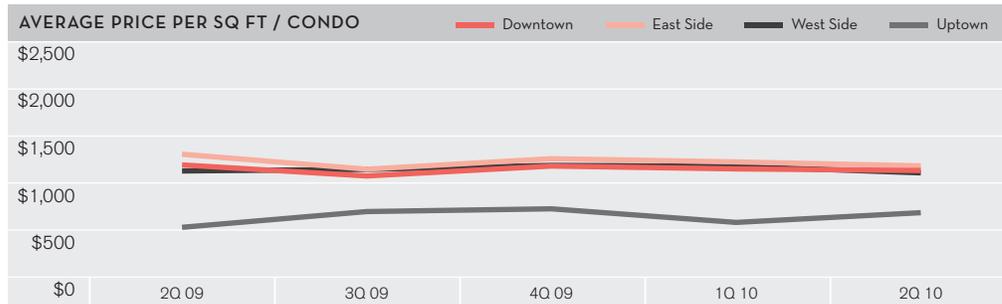
CONDO *market*

Price indicators mixed as number of sales jumped

Number of sales surged as listing inventory declined There were 1,553 sales in the second quarter, 93.2% more than the 804 sales in the prior year quarter and 22% more than the 1,273 sales in the prior quarter. The second quarter total was the highest since the second quarter 2008 total of 1,827. Condo sales accounted for 56.3% of all apartment sales in the second quarter, just above the 52.1% five-year quarterly average market share. There were 4,209 condo listings available for sale, excluding “shadow inventory”. The second quarter total was 15.5% below the 4,979 listing total of the prior year quarter and essentially unchanged from the prior quarter listing total of 4,218. This is consistent with the five-year quarterly average of 4,207. Condos provided 51.6% of total available apartment listing inventory, also consistent with the 5-year 50.3% quarterly average.

Price indicators show mixed results The median sales price of a Manhattan condo apartment was \$1,100,000, 10.1% higher than the \$999,000 median sales price in the prior year quarter and 3.3% higher than the \$1,065,000 median sales price of the prior quarter. Average sales price followed a similar pattern, rising 9.5% to \$1,680,236 in the second quarter, from \$1,534,031 in the same period a year ago and essentially unchanged from \$1,690,399 in the prior quarter. The rise in both of these indicators is consistent with the 14.1% increase in the average square footage of apartments sold over the past year. The second quarter average square footage of sold properties was 1,482 square feet compared to 1,299 square feet in the prior year quarter, reflecting the shift in mix toward larger unit sales in 2010 from entry-level units in 2009. Because of the trend toward larger unit sales, average price per square foot showed a modest decline over the same period. Average price per square foot was \$1,134 in the second quarter, down 4% from \$1,181 in the prior year quarter and down 1.7% from \$1,154 in the prior quarter.

Days on market fell sharply as listing discount rose The average days on market was 115 days, more than 2 months faster than 181 days in the same period last year and nearly 3 weeks faster than the prior quarter average of 135 days. This is consistent with the rise in number of sales and decline in listing inventory over the same period. Listing discount expanded over the same period to 10.5% in the second quarter from 7% in the prior year quarter and 6.7% in the prior quarter. The rise in listing discount reflects evidence that sellers are testing the market by setting prices higher but are meeting resistance from buyers and therefore have to “travel further” to have a “meeting of the minds” over the contract sales price.



CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,680,236	-0.6%	\$1,690,399	9.5%	\$1,534,031
Average Price per Square Foot	\$1,134	-1.7%	\$1,154	-4%	\$1,181
Median Sales Price	\$1,100,000	3.3%	\$1,065,000	10.1%	\$999,000
Number of Sales	1,553	22%	1,273	93.2%	804
Days on Market (from Last List Date)	115	-14.8%	135	-36.5%	181
Listing Discount (from Last List Price)	10.5%		6.7%		7%
Listing Inventory	4,209	-0.2%	4,218	-15.5%	4,979

CONDO APARTMENT MIX	% of Total	Median Price
Studio	9%	\$444,000
1 bedroom	31%	\$678,300
2 bedroom	34%	\$1,350,000
3 bedroom	22%	\$2,724,638
4+ bedroom	4%	\$5,850,000

LUXURY market

Price indicators stabilized as listing inventory dropped

Market share of higher end expanded as listing inventory fell The luxury market began at the \$3,000,000 threshold this quarter, representing the top 10% of all sales. Market share of the high end market, which encompasses the luxury market, increased over the past year with 43% of all sales at or above \$1,000,000, compared to 38% in the same period a year ago. The increased level of sales activity worked off excess inventory levels. There were 1,304 listings over the \$3,000,000 threshold in the second quarter, 29.3% fewer than 1,844 listings in the same period last year and 13.2% fewer than the

1,502 listings in the prior quarter. Luxury listing inventory trended in the opposite direction as the overall market in recent months, which had increased 1.6% from the prior quarter.

Price indicators showed mixed results The median sales price of a Manhattan luxury apartment was \$4,093,365 in the second quarter, 11.8% higher than the \$3,660,608 in the prior year quarter, but 10.7% below the \$4,582,125 median sales price of the prior quarter. Average sales price showed the same trend, rising 8.6% to \$5,169,161 in the second quarter from \$4,759,181 in the prior year quarter, but down 6.9% from \$5,550,494 in the prior quarter. Average price per square foot was essentially unchanged at \$1,843 in the second quarter compared to \$1,848 in the prior year quarter and 2% below the \$1,881 result in the prior quarter.

Listing discount and days on market declined

The luxury market averaged 146 days on market, more than a month faster than the 182-day average of the prior year quarter and the 193-day prior quarter average. In 75% of the time over the past five years, the luxury market had longer marketing times than the overall market. The luxury market took 41 days longer to sell than the overall market in the second quarter, higher than the 10.6 additional days on market of the past five years. Listing discount was 6.4%, below the 8.6% listing discount of the same period a year ago, but higher than the 3.6% listing discount of 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.



	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$5,169,161	-6.9%	\$5,550,494	8.6%	\$4,759,181
Average Price per Square Foot	\$1,843	-2%	\$1,881	-0.3%	\$1,848
Median Sales Price	\$4,093,365	-10.7%	\$4,582,125	11.8%	\$3,660,608
Number of Sales	276	17.4%	235	80.4%	153
Days on Market (from Last List Date)	146	-24.4%	193	-19.8%	182
Listing Discount (from Last List Price)	6.4%		3.6%		8.6%
Listing Inventory	1,304	-13.2%	1,502	-29.3%	1,844

LOFT market

Price indicators mixed as number of sales surged

Number of sales jumped as inventory declined There were 262 loft sales in the second quarter, a pronounced 263.9% increase from 72 sales in the prior year quarter and a 45.6% increase from 180 sales in the prior quarter. The second quarter represented a release of pent-up demand as the number of sales exceeded the 193 sale quarterly average of the past 20 years. Listing inventory was 548 in the second quarter, 25.6% below the

prior year quarter total of 737 listings and 1.4% below the 556 total of the prior quarter. This trend corresponds to the surge in sales activity over the same period.

Price indicators were mixed, showing volatility

The median sales price was \$1,570,000 in the second quarter, 15.9% below \$1,867,500 in the prior year quarter, but up 12.1% from \$1,400,000 in the prior quarter. Average sales price was \$2,057,776 for the second quarter, 5.7% above the \$1,947,076 in the prior year quarter and 0.9% above \$2,040,263 in the prior quarter. Price per square foot was \$1,145 in the second quarter, a 4.3% decline from \$1,197 in the prior year quarter,

but 2.1% above \$1,121 in the prior quarter.

Listing discount and days on market fell

The days on market for a loft apartment was 80 days in the second quarter, the fastest result posted in at least a decade and is consistent with the surge in sales and decline in listings. The second quarter results are approximately two months faster than the prior year quarter results of 138 days and the prior quarter results of 146 days. Listing discount was 5.4% in the second quarter, below 7.2% in the same period a year ago, but above 3.3% 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.



	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$2,057,776	0.9%	\$2,040,263	5.7%	\$1,947,076
Average Price per Square Foot	\$1,145	2.1%	\$1,121	-4.3%	\$1,197
Median Sales Price	\$1,570,000	12.1%	\$1,400,000	-15.9%	\$1,867,500
Number of Sales	262	45.6%	180	263.9%	72
Days on Market (from Last List Date)	80	-45.2%	146	-42%	138
Listing Discount (from Last List Price)	5.4%		3.3%		7.2%
Listing Inventory	548	-1.4%	556	-25.6%	737

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