

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

4Q 06



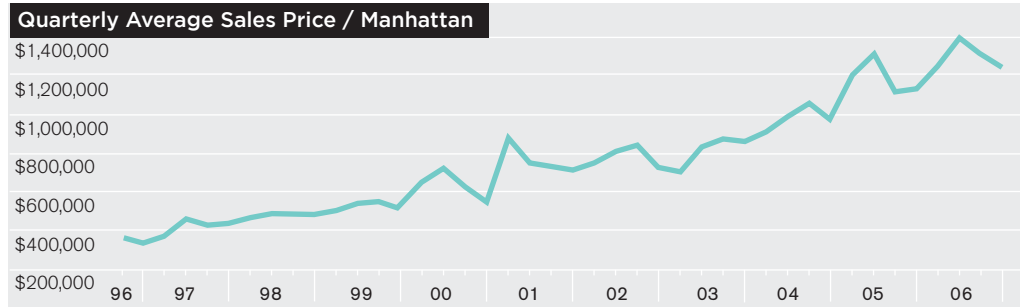
Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Prices up from prior year, market in position for gains

Prices rise from prior year The average sales price of a Manhattan apartment was \$1,224,840 this quarter, up 3.2% over the \$1,187,404 average sales price in the same period last year but down 5% from the prior quarter average sales price of \$1,288,748. The change from the third quarter to fourth quarter has averaged a negative transition since 1990, making a case that that the price decline is attributable to seasonal patterns. In fact, the average sales price of studios, 1-bedroom, 2-bedroom and 3-bedroom apartments all showed price declines this quarter as compared to the prior quarter but there were either increases or no change from the prior year quarter. The median sales price indicator was \$799,000, up 5.1% over the prior year quarter median sales price of \$760,000 but down 5.5% from the prior quarter median sales price of \$845,147. Average price per square foot for the quarter fell 0.4% to \$998 from \$1,002 in the prior year quarter, the first time the average price per square foot fell below \$1,000 in over a year. Like the other price indicators, the average price per square foot was 5% below the \$1,050 mark set in the prior quarter.

The number of sales surged There were 2,441 sales this quarter, up 55.1% from the prior year quarter total of 1,547 and 15.5% above the prior quarter total of 2,113. The sizeable increase in activity over these prior periods was partially due to the introduction of co-op sales to the public domain beginning in the middle of the third quarter of 2006 causing the results to be skewed this quarter. The addition of co-op sales to the public domain was the probable cause for skewing the results this

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,224,840	-5%	\$1,288,748	3.2%	\$1,187,404
Average Price per Square Foot	\$998	-5%	\$1,050	-0.4%	\$1,002
Median Sales Price	\$799,000	-5.5%	\$845,147	5.1%	\$760,000
Number of Sales	2,441	15.5%	2,113	55.1%	1,574
Days on Market (from Last List Date)	149	-0.3%	150	9.1%	137
Listing Discount (from Last List Price)	2.8%		4%		2.5%
Listing Inventory	5,934	-22.2%	7,623	-0.5%	5,964



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

quarter. Perhaps more significantly, the number of sales that occurred at the end of 2005 had been unusually low as purchasers remained on the sidelines as the housing boom ended in the third quarter of 2005. The combination of an unusually low number of sales in the prior year quarter and an increase in sales in the current quarter played a role in exaggerating the increase in the number of sales. However, even with these factors, there was a noticeable increase in the activity. Buyers began to re-enter the market in growing numbers by the third quarter of this year.

Listing inventory drops sharply After rising 94.8% from the 4th quarter of 2004 to the 2nd quarter of 2006, listing inventory leveled off beginning in the 3rd quarter and dropped even more sharply in the fourth quarter, 22.2%. There were 5,934 units available for sale this quarter,

a return to the same levels seen in the prior year quarter total of 5,964. However, inventory levels were down 22.2% over the prior quarter total of 7,623 units. New development inventory continued to climb but resale listings more than offset the increase. A significant portion of the inventory increase over the past two years has been due to the sellers looking to “cash out” of the housing market. Properties were placed on the market with list prices set at levels reflecting the built-in assumption that prices were continuing to rise at the same 20% annual growth rate seen in the prior three years. These properties languished and began to come off the market in the second half of 2006. The surplus of over priced listings gave buyers a false sense of power in the negotiation process. The assumption was made that the large numbers of available inventory implied that sellers would be

willing to negotiate. However, a significant number of listings provided by sellers had a “make my price” orientation. The listings that were priced correctly were by serious sellers who were less willing to negotiate thereby creating some buyer frustration which led to their staying on the sidelines.

Listing discount drops for first time in more than a year The difference between the last list price and the contract price was 2.8%, down from 4% in the prior quarter. The drop in this indicator does not appear to be an indication of the greater reluctance of sellers to negotiate but rather the trend of sellers pricing properties closer to market levels.

Buyers begin to stir as sellers price properties closer to market levels For the past year and a half, the Manhattan market had been characterized by a surplus of listing inventory, with a large portion of it comprised of overpriced resale properties. An abundance of new development inventory has been the focal point of the excess inventory problem. A rift between buyers and sellers emerged as buyers became more demanding about price discounts, resulting in a lower level of sales activity and expanded days on market. Many would-be purchasers moved into the rental market, not because they could not afford to purchase but because there was concern over the near term outlook of the real estate market. However, listing inventory stabilized in the third quarter and dropped sharply in the current quarter as the expiration of over priced resale listings overtook the rise in new development inventory. Record Wall Street bonuses have provided more disposable income and helped keep unemployment levels low. This has helped fuel demand for housing, the effect compounded by four consecutive years of gains because bonus recipients may or may not purchase in the same year their bonus was awarded. Election changes in the federal government last November, more realistic pricing by sellers, a drop in inventory levels as overpriced listings expired, low local unemployment, solid fiscal condition of city government, weakening US dollar, stabilizing mortgage rates and lack of a price correction in six quarters in the post housing boom era have all helped influence buyers to reconsider their position and begin to enter the purchase market again.

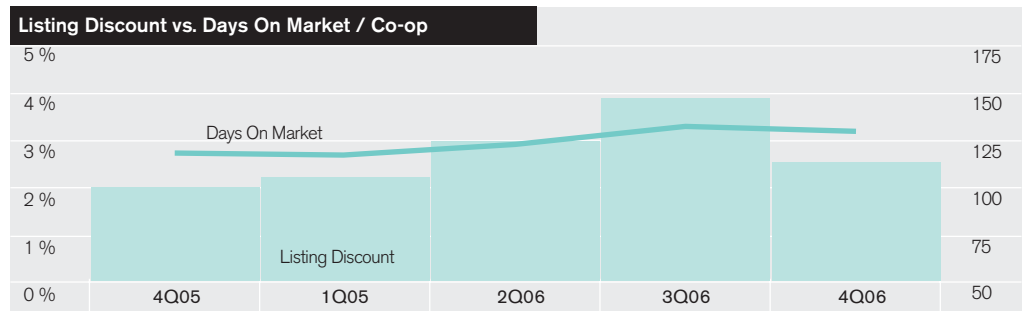
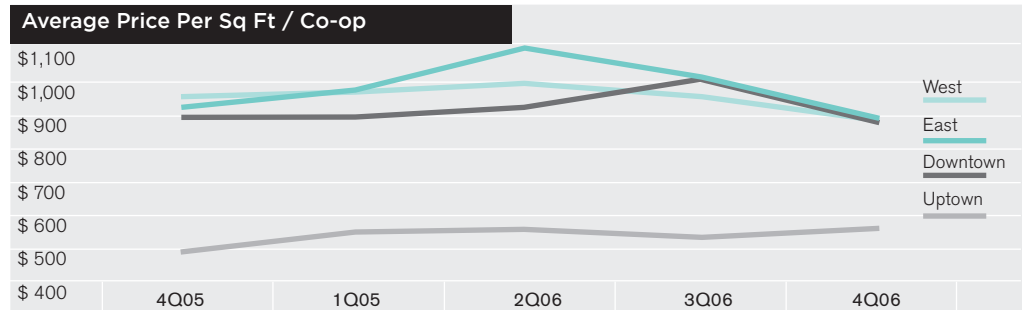
CO-OP Market

Prices flat as number of sales surged

Inventory fell sharply as number of sales surged The number of listings this quarter fell to 3,054 units, down 10.7% from the prior year quarter total of 3,421 units and down 17% from the 3,680 unit total in the prior quarter. Inventory levels had been steadily rising since the fourth quarter of 2004 when there were 2,620 units available for sale and prices were rising rapidly. Inventory levels peaked in the second quarter of 2006 at 4,105 units and then subsequently decreased in the remaining two quarters of this year. Since co-op listings are nearly all in the form of resales rather than new development, the significant drop in resale listings suggests a marked change in seller psychology and shows how the run up in inventory levels was due to the seller mindset to get out of the market. At the end of 2004 and early 2005, co-op apartment owners began to place their properties on the market to “cash-out” with the price they wanted, often well above market levels. However, many listings languished and ultimately expired. In addition, the number of sales surged this

quarter, eroding inventory levels. There were 1,453 co-op apartments that sold in the quarter, up 71.3% from the prior year quarter total of 848 apartments and up 33.7% from the prior quarter total of 1,087 apartments.

Price indicators fell from prior quarter but similar to prior year levels The price indicators tracked in this report are generally similar to price levels seen in the same period last year. The average sales price of a co-op apartment was \$1,047,219, up 2.7% over the prior year average sales price of \$1,020,161 but down 3.8% from the prior quarter average sales price of \$1,088,048. The average price per square foot was \$872, down 4% from the prior year average price per square foot of \$908 and down 6.7% from the prior quarter average price per square foot of \$935. The median sales price of a co-op apartment was \$650,000, unchanged from the prior year average sales price but down 5.1% from the prior quarter median sales price of \$685,000. All apartment size categories showed average sales price gains over the prior year with the exception of two bedroom apartments, which showed a decline. The average sales price of a



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,047,219	-3.8%	\$1,088,048	2.7%	\$1,020,161
Average Price per Square Foot	\$872	-6.7%	\$935	-4%	\$908
Median Sales Price	\$650,000	-5.1%	\$685,000	0%	\$650,000
Number of Sales	1,453	33.7%	1,087	71.3%	848
Days on Market (from Last List Date)	141	2.8%	145	6%	133
Listing Discount (from Last List Price)	2.6%		3.9%		2%
Listing Inventory	3,054	-17%	3,680	-10.7%	3,421

Co-op Apartment Mix	% of Total	Avg. Price
Studio	20%	\$398,947
1 bedroom	36%	\$609,706
2 bedroom	37%	\$1,243,166
3 bedroom	5%	\$3,202,714
4+ bedroom	2%	\$7,227,786

studio increased 12.5% from the prior year, 1-bedroom apartments were up 0.9%, 2-bedroom apartments were down 7.9%, 3-bedroom apartments were up 23.9% and 4-bedroom apartments were up 38.9%.

Days on market and listing discount fell from prior quarter The average days on market was 141 days in the current quarter, up 8 days from the prior year quarter total of 133 days but down 4 days from the prior quarter total of 145 days. The decrease from the prior quarter contrasts the 66% likelihood of an increase in this indicator during the third quarter to fourth quarter transition. In other words, the market more often sees an expansion of marketing time going into the fourth quarter due to seasonal influences. Similar to days on market, the co-op listing discount expanded from the prior year quarter result and contracted from the prior quarter result. The listing discount reached 2.6% this quarter, up from 2% in the prior year quarter but down from 3.9% in the prior quarter. This suggests that sellers are beginning to price their properties closer to market levels thereby reducing the time it takes to sell.

CONDO Market

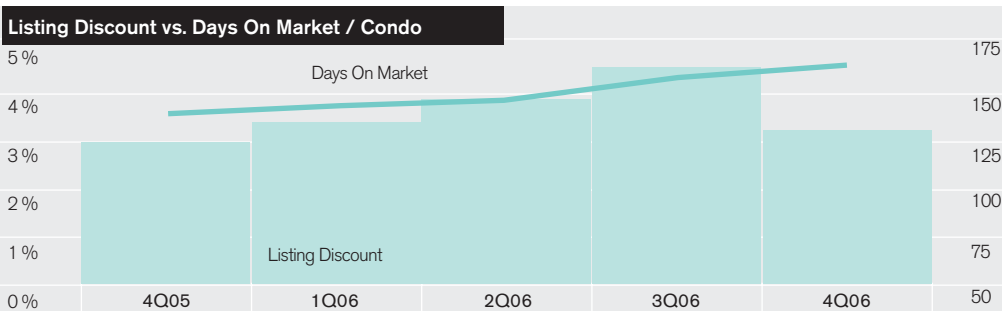
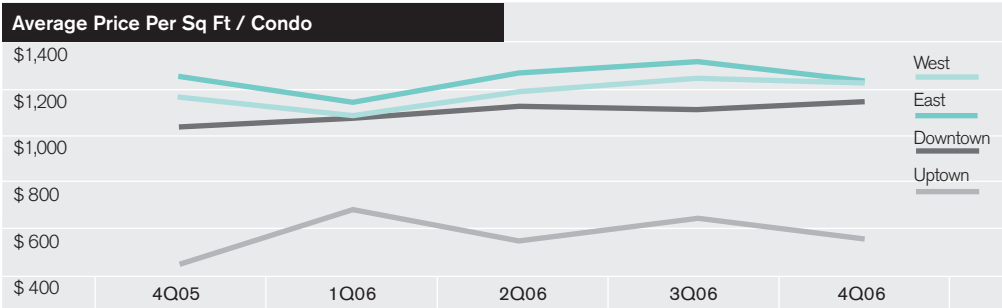
Prices, number of sales and inventory increased over the year

Listing inventory posted a large decline from prior quarter as the number of sales eased slightly Inventory levels were at 2,880 units this quarter, up 13.3% above the prior year quarter total of 2,543 but 27% below the 3,943 units in the prior quarter. The recent quarterly drop was the largest quarter over quarter decline in more than four years, perhaps the beginning of a new trend in contracting inventory levels. This was first observed in the co-op market, which is generally not influenced by new development trends. New development condo inventory is estimated to comprise 28.7% of total condo inventory released to the market, while new development co-op activity, primarily as cond-ops, comprises 1.9% of all co-op inventory. The number of sales jumped 36.1% from the prior year quarter total of 726 units sold but was down 3.7% from the 1,026 units sold in the prior quarter. This indicator has trended downward from the third to the fourth

quarter in 8 of the last 10 years suggesting a seasonal pattern. The large increase in the number of sales from the prior year quarter was somewhat exaggerated due to the unusually low number of sales in the second half of 2005 as the housing boom ended in New York. That period was characterized by a falling number of sales, a trend that appears to be reversing.

Prices showed noticeable gains from prior year, price per square foot sets record The average sales price of a condo unit was \$1,486,057 this quarter, up 7.5% from the prior year quarter average sales price of \$1,382,751 but down 1% from the \$1,501,381 average sales price in the prior quarter, which was the third highest quarter on record. The price per square foot was \$1,184 this quarter, up a record 6.5% from the prior year quarter price per square foot of \$1,112, and up 1.1% from the \$1,171 price per square in the prior quarter. The median sales price of a condo unit was \$1,030,000 this quarter, up 14.4% from the prior year quarter median sales price of \$900,000 but down 3.3% from the \$1,065,000 median sales price in the prior quarter. When broken out by individual unit sizes, with the exception of 4-bedroom units, all showed an increase in the average sales price as compared to the prior year quarter.

Days on market and listing discounts expand further The average days on market for re-sale and new development sales were 162 days, up three weeks from the 141-day average days on market in the same period last year and up 7 days from the 155 average days on market in the prior quarter. This indicator is now 68 days higher than the 94-day average days on market bottom reached nearly 3 years ago in the first quarter of 2004. The average listing discount was 3.2% this quarter, up slightly from 3% in the prior year quarter but down from the 4.2% listing discount reached in the prior quarter. This result suggests that list prices were set closer to market levels rather than indicating more resistance in the negotiation process by sellers.



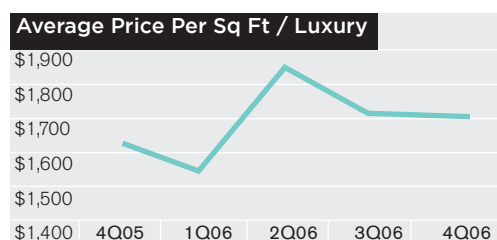
Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,486,057	-1%	\$1,501,381	7.5%	\$1,382,751
Average Price per Square Foot	\$1,184	1.1%	\$1,171	6.5%	\$1,112
Median Sales Price	\$1,030,000	-3.3%	\$1,065,000	14.4%	\$900,000
Number of Sales	988	-3.7%	1,026	36.1%	726
Days on Market (from Last List Date)	162	4.5%	155	14.9%	141
Listing Discount (from Last List Price)	3.2%		4.2%		3%
Listing Inventory	2,880	-27%	3,943	13.3%	2,543

Condo Apartment Mix	% of Total	Avg. Price
Studio	12%	\$545,346
1 bedroom	36%	\$821,669
2 bedroom	48%	\$1,906,609
3 bedroom	3%	\$4,487,385
4+ bedroom	1%	\$9,290,500

LUXURY Market

Price trends consistent with overall market

Prices trended higher over the year All three price indicators showed upward trends over the past year, but were down from the prior quarter, consistent with the overall market. Average sales price was \$4,324,189 this quarter, up 4.5% over the prior year quarter average sales price of \$4,138,270 but down 4.1% from the prior quarter average sales price of \$4,509,833. Average price per square foot was \$1,712 this quarter, up 6.3% over the prior year quarter average price per square foot of \$1,610 but down 0.5% from



the prior quarter average price per square foot of \$1,721. Median sales price was \$3,350,000 this quarter, up 3.1% over the prior year quarter median sales price of \$3,250,000 but down 1.3% from the prior quarter median sales price of \$3,395,000.

Both days on market and listing discount showed short-term gains Both indicators improved in the short term and were reasonably similar to results in the prior year quarter. The average days on market expanded by 6 days to 151 days as compared to 145 days in the prior year quarter, and was 10 days faster than the 161 days seen in the prior quarter. The average listing discount was 3.6% this quarter, down slightly from the 3.8% listing discount seen in

the prior year quarter and down from 4% as seen in the prior quarter.

The total luxury aggregate sales dollars exceeded one billion The aggregate of luxury sales dollars this quarter exceeded one billion dollars for the second time in history. There were \$1,055,102,116 in total luxury sales this quarter, 6% short of the \$1,126,328,392 record set in the second quarter of 2005. This market segment accounted for 10% of all sales by definition, and accounted for 35.3% of all sales dollars, up from 34.8% in the prior year quarter and up from 34.9% in the prior year quarter.

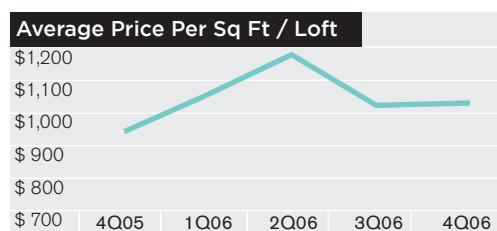
Note: This sub-category is the analysis of the top ten percent of all co-op and condo sales. The data is also contained within the co-op and condo markets presented.

Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$4,324,189	-4.1%	\$4,509,833	4.5%	\$4,138,270
Average Price per Square Foot	\$1,712	-0.5%	\$1,721	6.3%	\$1,610
Median Sales Price	\$3,350,000	-1.3%	\$3,395,000	3.1%	\$3,250,000
Number of Sales	244	15.6%	211	55.4%	157
Days on Market (from Last List Date)	151	-6.2%	161	4.1%	145
Listing Discount (from Last List Price)	3.6%		4%		3.8%

LOFT Market

Prices, number of sales and inventory were up

Price indicators were generally up The average sales price and average price per square foot showed significant price gains as compared to the prior year quarter while median sales price showed a modest decline. The average sales price of a Manhattan loft apartment was \$1,847,508, up 11.9% over the prior year quarter average sales price of \$1,650,574 but down 6.4% from \$1,973,569 in the prior quarter. The prior quarter had the second highest average sales price on record. Average price per square foot was the second highest on record at \$1,090, 15.8% above the prior year quarter average price



per square foot of \$941 and 0.8% above the \$1,081 per square foot in the prior quarter.

Both the number of sales and inventory were up sharply over prior year There were 148 loft units that sold this quarter, up 34.5% from the 110 total number of sales in the prior quarter but down 3.3% from 153 units in the prior quarter. The increase in the number of sales over the past year was exaggerated since sales activity was unusually low in the second half of 2005 after the housing boom ended. The upper third of the apartment market was most affected by the drop in the number of sales during that period and the loft market generally falls in that category with an average sales price approaching \$2,000,000. At the same time listing inventory rose sharply this quarter, and is therefore out of sync with the number of sales,

which usually moves in opposite direction. There were 593 loft listings this quarter, up 25.1% from the 474 listings in the prior year quarter but down 7.9% from the prior quarter total of 644 listings.

Days on market edges up while listing discount slips It took 151 days on average to sell a loft apartment this quarter, 25 days longer than the prior year quarter total of 126 days and 6 days longer than the prior quarter average of 145 days. Listing discount contracted slightly this quarter indicating that sellers are more likely to price properties closer to market levels. The average listing discount this quarter was 3%, up slightly from the 2.8% listing discount seen in the prior year quarter but down from 3.6% in the prior quarter.

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	\$1,847,508	-6.4%	\$1,973,569	11.9%	\$1,650,574
Average Price per Square Foot	\$1,090	0.8%	\$1,081	15.8%	\$941
Median Sales Price	\$1,395,000	-1.4%	\$1,415,000	-5.4%	\$1,475,000
Number of Sales	148	-3.3%	153	34.5%	110
Days on Market (from Last List Date)	151	4.1%	145	19.8%	126
Listing Discount (from Last List Price)	3%		3.6%		2.8%

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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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