

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

4Q 07



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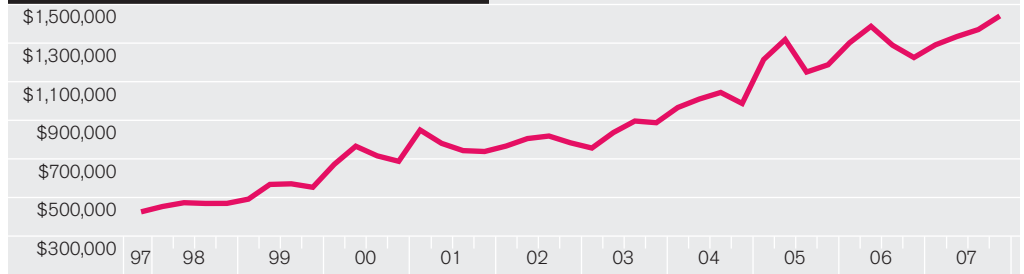
Sharp rise in luxury prices overshadow modest overall gains

Prices rise, records created by luxury market The median sales price of a Manhattan apartment was \$850,000 this quarter, up 6.4% from the prior year quarter median sales price of \$799,000 and down 1.7% from the prior quarter median sales price of \$864,397. Median sales price is the more reliable indicator of the overall market in the current quarter, namely because of the sharp increase of all price indicators in the luxury market. This is evident in the sharp gains seen in average sales price and average price per square foot which were skewed by sales activity in the luxury sector. The average sales price set a record of \$1,439,909 this quarter, up 17.6% from the prior year quarter average sales price of \$1,224,840 and 5.1% above the prior quarter average sales price of \$1,369,486. Average price per square foot reached a record \$1,180 per square foot, up 18.2% from the prior year quarter price per square foot and up 3.1% from \$1,144 per square foot in the prior quarter. If sales at The Plaza and 15 Central Park West were excluded this quarter, the change in average sales price and average price per square foot would be 6.1% and 10.1% respectively, a significant drop from the overall results. On the same hand, the change in median sales price is reduced to 5.1% from the prior year quarter.

Overall number of sales increase as inventory levels decline The number of sales increased

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,439,909	5.1%	\$1,369,486	17.6%	\$1,224,840
Average Price per Square Foot	\$1,180	3.1%	\$1,144	18.2%	\$998
Median Sales Price	\$850,000	-1.7%	\$864,397	6.4%	\$799,000
Number of Sales	2,518	-28%	3,499	3.2%	2,441
Days on Market (from Last List Date)	131	6.9%	123	-12.4%	149
Listing Discount (from Last List Price)	2.7%		2%		2.8%
Listing Inventory	5,133	-1.4%	5,204	-13.5%	5,934

Quarterly Average Sales Price / Manhattan



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

3.2% to 2,518 units as compared to 2,441 units in the prior year quarter but down 28% from the 3,499 sales that occurred in the prior quarter. The fourth quarter has averaged 2,202 units over the past five years, the lowest of the four quarters. However, the third to fourth quarter change in number of sales has averaged a decline over the past 20 years. Co-ops showed an 11.5% decline and condos showed a 24.7% increase in number of sales as compared to the prior year quarter. The increase in the number of sales played a roll in the decrease in listing inventory. The number of apartments available for sale declined 13.5%

to 5,133 units this quarter, also down 1.4% from the 5,204 units in the prior quarter. Co-op listing inventory was down 26.2% from the prior year quarter while condo listing inventory was unchanged over the same period. The decline in the number of re-sale condo listings was offset by new development condo listings.

Days on market shows decline as all four market regions see price increases The average time it took to sell an apartment in the current quarter was 131 days, down 2.5 weeks from the 149 days on market in the prior year but up from 123 days in the prior quarter. The rise

of this indicator from the prior quarter reflects seasonal patterns. The listing discount, as measured between the last listing price and the sales price remained steady at 2.7%, compared to the prior year quarter listing discount of 2.8% and up from the 2% listing discount in the prior quarter. The average price per square foot of the four regional markets showed double-digit gains over the prior year quarter and reached new records: Downtown was \$1,138 per square foot, up 12.7%; West side was \$1,195 per square foot, up 12.7%; East side was \$1,331 per square foot, up 33%; Uptown was \$759, up 32.7%.

No apparent market erosion yet after summer credit crunch Nearly all market indicators in the current quarter showed improvement over the same period in the prior year. Expectations of a market slow down was not clearly evidenced by the empirical results of the quarter. The increase in the number of sales, rising prices, falling inventory, shorter days on market and a smaller listing discount showed market improvement over the same period last year. The market indicators in this report provided evidence of modest overall gains in measurements such as median sales price and the number of sales. The robust gains in overall price indicators of average sales price and average price per square foot were skewed by the sharp price gains in the luxury market sector so their relevance is limited this quarter. There remains concern over the adverse impact of the mortgage/credit problems in the financial markets on both employment levels and bonus compensation. The financial services industry accounts for approximately 5% of New York City employment and 23% of wages and there is a correlation between this leading economic sector and the residential real estate market. The weakening dollar has created foreign demand for condominium units, especially in new development, as buyers take advantage of favorable currency exchange rates. Regional unemployment levels remain low and economic conditions have been favorable to date but there is concern that the slide in national economic conditions will begin to impact the region in 2008.

CO-OP Market

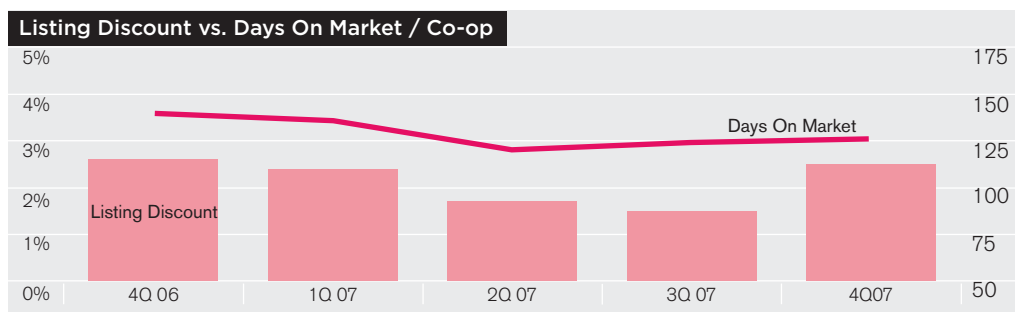
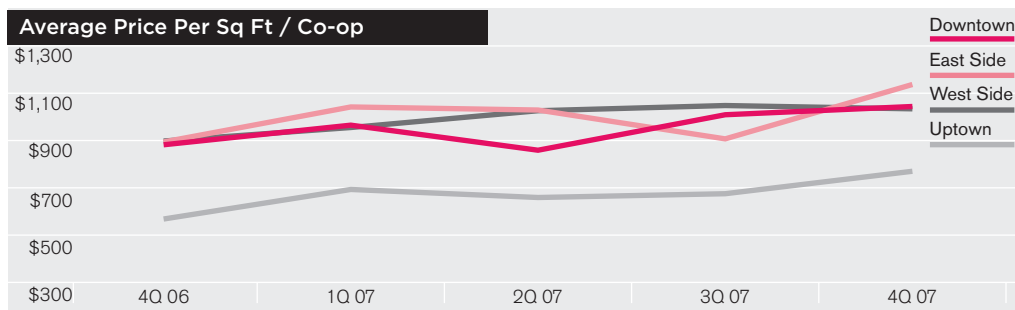
Prices rise as inventory drops

Prices continue to rise The median sales price of a Manhattan co-op apartment was \$675,000 this quarter, up 3.8% above the prior year quarter median sales price of \$650,000 and up 1% from the prior quarter median sales price of \$668,500. The average sales price and average price per square foot showed greater gains this quarter because of higher overall price gains at the upper end of the market. The average sales price was \$1,142,232 in the current quarter, up 9.1% from the prior year quarter average sales price of \$1,047,219 and up 2.1% from the prior quarter average sales price of \$1,118,465. Average price per square foot was \$1,055 in the current quarter, up 21% from the prior year quarter price per square foot of \$872 and up 3.3% from the prior quarter price per square foot of \$1,021. This is the fourth consecutive quarterly increase and the second quarter the average sales price was above the \$1,000 per square foot threshold.

In the current quarter there were 4 sales above the \$20,000,000 threshold and at this time last year there were 2 sales.

Inventory drops sharply, outpacing decline in number of sales There were 2,254 apartments available for sale at the end of the current quarter, down 26.2% from the prior year quarter level of 3,054 apartments and down 8.8% from the prior quarter total of 2,472 apartments. Nearly all of this inventory is re-sale since co-ops are not the preferred form of legal ownership in new development in the current market. The decline in co-op listing inventory has occurred in four of the past five years. The third quarter to fourth quarter decline of 8.8% in the current quarter reflects seasonality because it is consistent with the average five year decline between third and fourth quarter of 13%.

Growth in market share of entry-level, with largest price gains seen by 2-bedrooms The market share of entry-level apartments, defined as studio and 1-bedrooms was 65% this quarter, up by 9% from 56% market share in the prior year quarter. This current level is well above the



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,142,232	2.1%	\$1,118,465	9.1%	\$1,047,219
Average Price per Square Foot	\$1,055	3.3%	\$1,021	21%	\$872
Median Sales Price	\$675,000	1%	\$668,500	3.8%	\$650,000
Number of Sales	1,286	-29%	1,811	-11.5%	1,453
Days on Market (from Last List Date)	127	1.6%	125	-9.9%	141
Listing Discount (from Last List Price)	2.5%		1.5%		2.6%
Listing Inventory	2,254	-8.8%	2,472	-26.2%	3,054

Co-op Apartment Mix	% of Total	Avg. Price
Studio	33%	\$413,699
1 bedroom	32%	\$716,480
2 bedroom	29%	\$1,622,386
3 bedroom	4%	\$3,823,957
4+ bedroom	2%	\$7,454,519

average entry-level apartment market share of 56% over the past 3 years. This market segment has been a large source of new buyers from the rental market over the past decade. Apartment sizes that gained market share showed the weakest change in prices and sizes that showed a loss in market share showed the largest gains in prices, perhaps responding to changes in affordability. The markets with the weakest price gains were 3.7% and 3.1% found in the studio and 4-bedroom markets. The 1-bedroom and 3-bedroom markets showed increases of 17.5% and 19.4% annually while the 2-bedroom market showed an increase of 30.5%.

Listing discount rises as days on market rises The listing discount of a co-op apartment, after falling to two year lows in the previous two quarters of 1.7% and 1.5%, returned to 2.5% which had been the average for the previous two years. The average listing discount was essentially unchanged from 2.6% in the prior year quarter. The average days on market was 127 days in the current quarter, two weeks faster than the prior year average days on market of 141 days.

CONDO Market

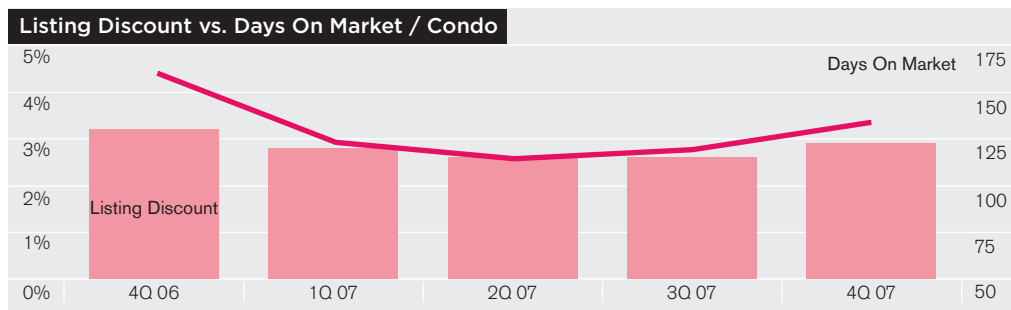
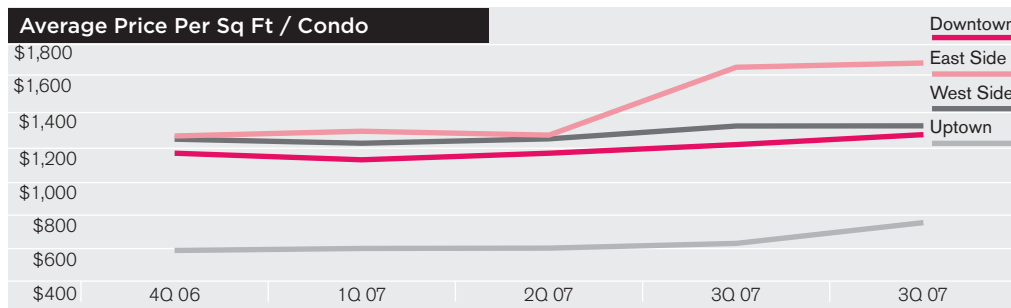
Price indicators are up as inventory stabilizes

Prices continue to rise The median sales price of a Manhattan condo apartment was \$1,100,000, up 6.8% from the prior year quarter median sales price of \$1,030,000, but down 1.8% from the prior quarter record median sales price of \$1,120,075. The decline from the prior quarter is consistent with seasonal trends, with seven of the previous ten transition periods from third to fourth quarter showing neutral or declining prices. Average sales price set a record in the current quarter of \$1,750,634, up 17.8% from the \$1,486,057 average sales price in the prior year quarter and up 6.8% from the prior quarter average sales price of \$1,638,798 in the prior quarter. The larger percentage gain in average sales price versus median sales price is reflective of the large number of high-end closings at several new developments. Average price per square foot followed the same pattern

as average sales price. The average price per square foot was a record \$1,310 in the current quarter, up 10.6% from the prior year quarter price per square foot record of \$1,184 and up 2.5% from the prior quarter price per square foot record of \$1,278.

Inventory levels were unchanged, number of sales increased The decline in re-sale inventory levels were offset by the increase in new development inventory. Re-sale inventory tends to fall off at the end of the year as sellers pull properties off the market through the holidays and then re-list before the spring market. There were 2,879 condo listings at the end of the current quarter, essentially unchanged from the 2,880 unit inventory levels in the prior year quarter. The number of sales this quarter was 1,232 units this quarter, up 24.7% from the prior year quarter.

Price indicators of most unit sizes showed increase Studio, 1-bedroom, 2-bedroom and 3-bedroom apartments showed price gains as compared to the prior year quarter, with the gains increasing with unit size. The average sales price of a studio was \$559,010, up 2.5%; 1-bedroom \$861,866, up 4.9%; 2-bedroom \$2,066,987, up 8.4%; 3-bedroom \$6,075,155, up 35.4%. The 4+ bedroom market, which has a 1% market share and therefore sees more volatility than other size categories, declined 12.7% to an average sales price of \$8,114,627 in the current quarter from the prior year quarter average sales price of \$9,290,500.



Days on market and listing discount declines The average days on market was 135 days, nearly a month faster than the 162 average days on market in the same period last year but two weeks faster than the prior quarter average of 120 days. Listing discount followed a similar pattern, with a 2.9% listing discount in the current quarter, down from 3.2% in the prior year quarter and 2.6% in the prior quarter. The increase in both of these indicators from the prior quarter is a typical seasonal pattern between the third and fourth quarters.

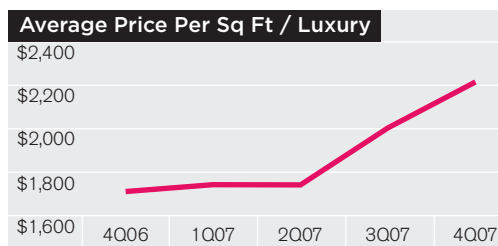
Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,750,634	6.8%	\$1,638,798	17.8%	\$1,486,057
Average Price per Square Foot	\$1,310	2.5%	\$1,278	10.6%	\$1,184
Median Sales Price	\$1,100,000	-1.8%	\$1,120,075	6.8%	\$1,030,000
Number of Sales	1,232	-27%	1,688	24.7%	988
Days on Market (from Last List Date)	135	12.5%	120	-16.7%	162
Listing Discount (from Last List Price)	2.9%		2.6%		3.2%
Listing Inventory	2,879	5.4%	2,732	0%	2,880

Condo Apartment Mix	% of Total	Avg. Price
Studio	14%	\$559,010
1 bedroom	31%	\$861,866
2 bedroom	49%	\$2,066,987
3 bedroom	5%	\$6,075,155
4+ bedroom	1%	\$8,114,627

LUXURY Market

Prices rise as inventory declines

Price indicators show sharp increases The luxury market, which represents the top ten percent of all sales prices, showed significant increases across all price indicators in the current quarter as compared to the same period last year. The median sales price of a luxury apartment was a record \$4,300,000, up 28.4% from the \$3,350,000 median sales price in the same period last year and up 8.9% from the prior quarter median sales price of \$3,950,000. The median sales price results are consistent with the average sales price and average price per square foot results this quarter indicating



that prices in the luxury sector were not skewed by a concentration of higher end sales within this market segment. If 15 Central Park West and The Plaza closings are removed from the luxury market segment, the average sales price increased 18.8%, the average price per square foot increased 15.7% and the median sales price increased 22.4%. This suggests that the price gains in the luxury market are still significant, and not simply skewed by closings in these particular buildings.

Inventory declines, listing discount remains low The number of units available for sale fell 34.9% from the same period last year as a result of the elevated number of sales of high-end properties over the past year. In fact, inventory has declined every quarter since the second

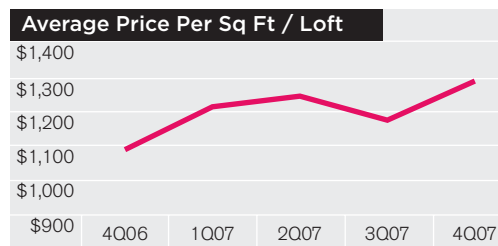
quarter of 2006 for a total of 46.8% over the past 18 months. The average listing discount was 1.8% this quarter, down from 3.6% in the prior year quarter and unchanged from the prior quarter. The last two quarters saw a lower listing discount in the luxury sector than in the overall market indicating greater upward price pressure in the luxury sector. The last time this occurred was in the first two quarters of 2001. Typically the luxury sector experiences larger listing discounts because these properties are less homogenous in their physical characteristics, so estimating an accurate price is more difficult resulting in a larger spread between list price and sales price. In addition, the market segment is smaller and therefore shows greater volatility in its price indicators. 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	\$5,743,230	12.9%	\$5,085,883	32.8%	\$4,324,189
Average Price per Square Foot	\$2,223	10.7%	\$2,009	29.8%	\$1,712
Median Sales Price	\$4,300,000	8.9%	\$3,950,000	28.4%	\$3,350,000
Number of Sales	252	-28%	350	3.3%	244
Days on Market (from Last List Date)	117	1.7%	115	-22.5%	51
Listing Discount (from Last List Price)	1.8%		1.8%		3.6%
Listing Inventory	887	-5.1%	935	-34.9%	1,362

LOFT Market

Prices rise as number of sales drop

All price indicators show increases The median sale price of a Manhattan loft apartment was \$1,445,000, up 3.6% from the median sales price of \$1,395,000 in the same period last year. The average sales price was \$2,056,097 this quarter, up 11.3% from the prior year quarter and average price per square foot jumped 18.3% to \$1,290 this quarter. Both average sales price and average price per square foot were skewed by higher priced properties, not unlike the pattern



seen in the overall market. Median sales price was at its lowest level in the fourth quarter of 2007.

Both the number of sales and inventory declined There were 108 loft sales tracked for this report, down 27% from the 148 sales seen in the prior year quarter. While the number of sales tends to be volatile in this market segment because of its small size and a decline from third to fourth quarter is a general historical trend, the extent is believed to be largely a data anomaly because of the decline in inventory. Listing Inventory was 508 this quarter, down 14.3% for the prior year quarter total of 593.

Days on market declines, listing discount shows increase The average days on market for loft properties in the current market was 141 days, down 10 days from the 151 days on market average of the prior year quarter. However, the increase in days on market from the prior quarter was 120 days, a 3 week expansion. While there is typically an increase in the average days on market between the third and fourth quarters the average increase over the previous five years, exclusive of the current year was 6.5%, well below the 17.5% increase in this indicator over 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	\$2,056,097	-0.6%	\$2,069,364	11.3%	\$1,847,508
Average Price per Square Foot	\$1,290	9.7%	\$1,176	18.3%	\$1,090
Median Sales Price	\$1,445,000	-15%	\$1,700,000	3.6%	\$1,395,000
Number of Sales	108	-33.7%	163	-27%	148
Days on Market (from Last List Date)	141	17.5%	120	-6.6%	151
Listing Discount (from Last List Price)	3.2%		3%		3%
Listing Inventory	508	-1.4%	515	-14.3%	593

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