

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

1Q 08



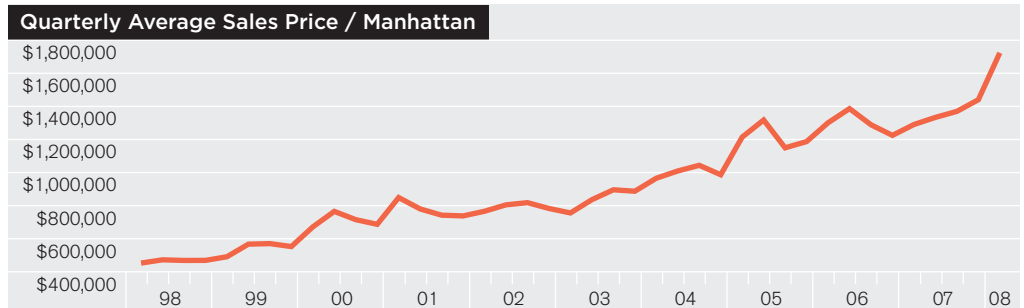
Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Jump in prices as number of sales fall

Prices reach new records The median sales price of a Manhattan apartment was \$945,276, up 13.2% from the prior year quarter median sales price of \$835,000 and up 11.2% from the prior quarter median sales price of \$850,000. It is the first time the median sales price has crossed the \$900,000 threshold and with the skew caused by the surge of closings of high-end new developments this quarter, it is the most reliable price indicator. Average price per square foot was a record \$1,289 this quarter, up 20.5% from the prior year quarter result of \$1,070 and up 9.2% from the prior quarter average price per square foot of \$1,180. Average sales price, which is more susceptible to skew from high-end sales, was a record \$1,722,991 this quarter, a 33.5% increase from the prior year quarter average sales price of \$1,290,391 and up 19.7% above the prior quarter average sales price of \$1,439,909.

Adjusting for the price skew caused by two new developments One of the concerns with the market data this quarter is the inclusion of closed data from two high end new condo developments, 15 Central Park West and The Plaza Condominium or 768 Fifth Avenue. Their contribution this quarter represented 2.4% of total sales activity with an average sales price of \$9,452,022, a median sales price of \$8,577,943 and an average price per square foot of \$3,675.

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,722,991	19.7%	\$1,439,909	33.5%	\$1,290,391
Average Price per Square Foot	\$1,289	9.2%	\$1,180	20.5%	\$1,070
Median Sales Price	\$945,276	11.2%	\$850,000	13.2%	\$835,000
Number of Sales	2,282	-9.4%	2,518	-34.3%	3,474
Days on Market (from Last List Date)	146	11.4%	131	11.7%	131
Listing Discount (from Last List Price)	3.2%		2.7%		2.6%
Listing Inventory	6,194	20.7%	5,133	4.6%	5,923



For comparison purposes, by excluding these specific sales from the data set this quarter, the average sales price for the quarter would be \$1,539,765, 19.3% above the prior year quarter. Median sales price would be adjusted to \$925,000, up 10.8% from the prior year quarter. Average price per square foot would be \$1,220, up 14% from the prior year quarter. Even with the exclusion of these developments from the data set, the 10.8% increase in year over year quarterly median sales price is the highest increase since the third quarter of 2006 when the increase was 12.7%.

Sales decline sharply as inventory rises modestly There were 2,282 sales in the current quarter, down 34.3% from 3,474 sales in same period last year and down 9.4% from the prior quarter total of 2,518 sales. The significant decline in the number of sales as compared to the prior year was the result of an unusually high level of sales activity in 2007. The elevated demand last year was created by several factors including record Wall Street bonus payouts and the falling US dollar. The average quarterly number of sales for 2007 was 3,358 apartments, which was 46.9% higher than the

2,285 per quarter average number of sales for the past decade. Inventory levels reached 6,194 apartments this quarter, 4.6% higher than the 5,923 apartment inventory level set in the same period last year. In the past 8 years that inventory statistics have been captured, inventory tends to rise throughout the first quarter. The overall lower level of sales activity is contributing to the higher than usual increase of inventory levels in the current quarter.

Days on market and listing discount rise The modest increase in inventory is consistent with the increase in both the listing discount and days on market indicators as compared to the same period last year. The average discount from list price was 3.2% in the current quarter, up slightly from 2.6% in the first quarter of last year. It took longer to market a property this quarter. The average days on market was 146 in the current quarter, an increase of 15 days as compared to the same period last year.

Elevated pace of sales cools as the volatility in the financial markets touch Manhattan Based on activity in the first quarter it is likely that the record number of sales in 2007 will not be repeated in 2008. Sales in the current quarter declined to levels seen two years ago. The reduction of available credit, less favorable mortgage terms, the national economy moving towards a recession and the specter of additional layoffs in the financial services sector over the next two years has begun to restrain the demand for Manhattan residential real estate. Still, the regional economy is performing well, tourism and hotel occupancy rates are at or near record levels and the New York City government is financially well positioned for the next two years. The US dollar continues to set new lows against several currencies, which continues to bring new sources of demand, with specific emphasis on condo new development projects. Nowhere is this more evident than the luxury market sector, which included all properties that sold at or above \$3 million dollars this quarter, representing the top 10% of all sales. This sector continues to outperform the overall market from the factors previously discussed.

CO-OP Market

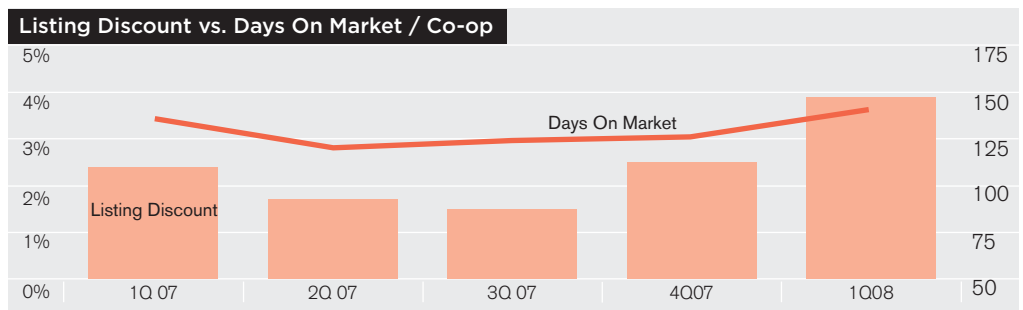
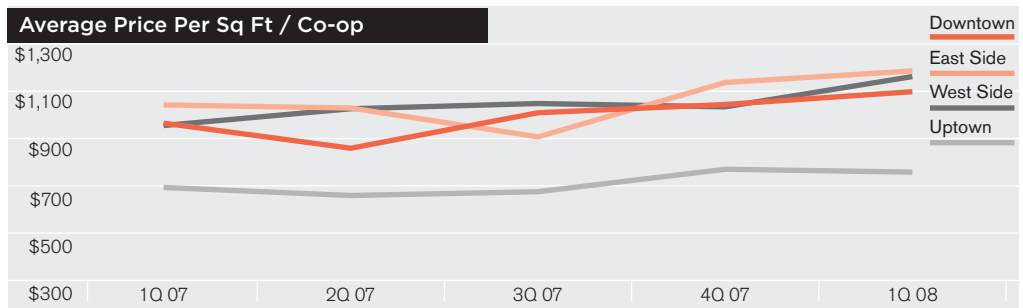
Prices post double digit increases as inventory slips

Prices set new records The median sales price of a Manhattan co-op was a record \$750,000 this quarter, up 11.1% from the \$675,000 median sales price of the prior year quarter. It was the first time this indicator exceeded the \$700,000 threshold. Average price per square foot saw a larger increase from the prior year quarter, rising 15.7% to a record \$1,128 in the current quarter from \$975 in the prior year quarter. This is the third consecutive quarter that the average price per square foot of a co-op remained above \$1,000 per square foot. Average sales price was also a record, rising 23.1% this quarter to \$1,393,548 from \$1,132,325 in the prior year quarter.

The number of sales declined sharply although inventory slipped There were 1,004 sales in the current quarter, down 43.3% from the 1,771 co-op sales that closed in the prior

year. The level of sales in the prior year quarter was unusually elevated at 49.3% above 1,185 sales, the first quarter average of the prior five years. However, the current level is 15.3% below that 5-year average quarterly level. Despite the decline in number of sales, inventory declined from the same period last year. There were 2,869 co-ops listed for sale at the end of the current quarter, down 2% from the prior year quarter total of 2,929. Inventory levels remained lower during the second (2,481), third (2,472) and fourth (2,254) quarters of 2007 as a result of the elevated number of sales.

Days on market and listing discount expand The average days on market for co-ops that closed in the first quarter was 142 days, up a modest 5 days from the same period in the prior year. Listing discount was 3.9% this quarter, up from the 2.4% listing discount of the prior year quarter. The increase reflected greater aggressiveness by sellers, buoyed by the brisk level of sales activity of the past year, setting list prices above market levels that buyers were willing to accept.



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,393,548	22%	\$1,142,232	23.1%	\$1,132,325
Average Price per Square Foot	\$1,128	6.9%	\$1,055	15.7%	\$975
Median Sales Price	\$750,000	11.1%	\$675,000	11.1%	\$675,000
Number of Sales	1,004	-21.9%	1,286	-43.3%	1,771
Days on Market (from Last List Date)	142	11.8%	127	3.6%	137
Listing Discount (from Last List Price)	3.9%		2.5%		2.4%
Listing Inventory	2,869	27.3%	2,254	-2%	2,929

Co-op Apartment Mix	% of Total	Avg. Price
Studio	31%	\$514,129
1 bedroom	32%	\$735,660
2 bedroom	32%	\$1,663,847
3 bedroom	2%	\$3,519,844
4+ bedroom	3%	\$14,223,148

Significant growth in market share of entry-level apartments

The number of studio sales nearly doubled in the current quarter. Studios accounted for 31% of all sales in the current quarter, up from 17% in the prior year quarter. 1-bedroom apartments, also considered entry-level apartments, saw market share slip from 35% in the prior quarter to 32% in the current quarter. Still, market share of entry-level apartments increased from a 52% market share in early 2007 to a 63% market share in the current quarter. The correlation is consistent with the decline in mortgage rates since early fall of last year when the Federal Reserve began efforts to introduce greater liquidity into the credit markets by dropping the federal funds rate. The increase in market share of entry level apartments was consistent with the sharp increase in their respective average sales prices. Studio prices increased an average of 40.8% over the prior year quarter while 1-bedroom apartments gained 28.3% over the same period.

CONDO Market

Prices jump as inventory rises and number of sales decline

Prices rise, skewed by high-end properties

The median sales price of a Manhattan condo surged this quarter compared to the same period last year. The median sales price was a record \$1,160,000 this quarter, up 17.1% from the prior year quarter median sales price of \$990,248. A lot has been made of the concentration of high-end closings at new developments in the public discourse, skewing the results of the market to a higher result. However, the median sales price excluding the closing data collected for 15 Central Park West and The Plaza Condominium would have been \$1,115,000 this quarter, up 12.6% from the prior year quarter. In other words, there was significant influence provided by projects other than these that are pushing aggregate prices to record levels.

Inventory levels climbed as number of sales

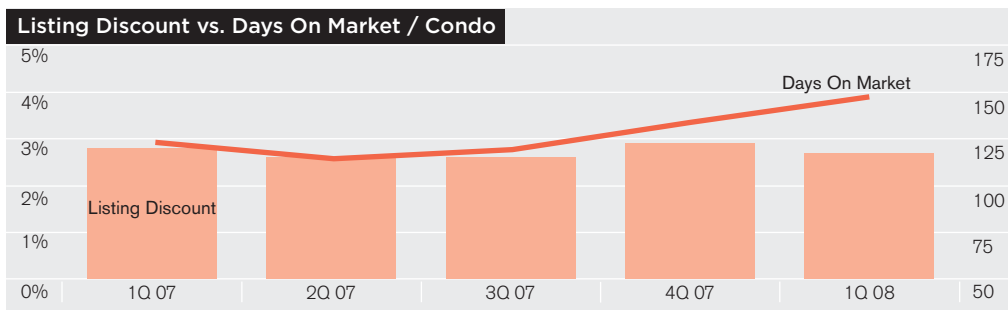
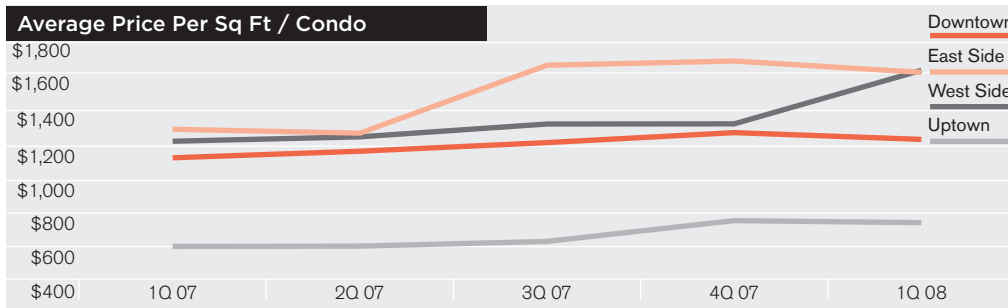
slipped There were 3,325 new development and re-sale listings this quarter, up 11.1% from the 2,994 listings available at this time last year. New development inventory comprised 47.5% of condo inventory this quarter, up from 29.9% of all condo inventory in the same period last year. The increase in condo inventory as compared to the same period last year is primarily attributable to the increase in the number of new development listings. There were 1,278 condo sales tracked in the current quarter, down 25% from the prior year quarter total of 1,703 sales. The decline in sales was partially attributable to the high level of closings of new development units during the same period last year.

Listing discount remains stable as days on market expands

The average listing discount for the current quarter was 2.7%, down nominally from the 2.8% listing discount of the same prior year period. The negotiability from list price was essentially unchanged, despite the increase in inventory levels. At the same time, the average days on market expanded 25 days to 149 days in the current quarter, from 124 days in the prior year quarter. As potential buyers have more choices, it is taking longer for the final purchase decision to be made under current conditions.

All unit sizes showed significant price increases

The average sales prices of all unit sizes showed gains over the prior year quarter but higher percentage gains were seen with larger units. As compared to the prior year quarter, the average sales price of studios increased 13.8%, 1-bedrooms increased 14%, 2-bedrooms increased 29.6%, 3-bedrooms increased 52.3%, and 4-bedrooms increased 45.4%. The unusually large gains are reflective of the larger size of units sold in the quarter, rather than an indication of record appreciation levels. The average size of a condo jumped 12.5% to 1,400 square feet, from the 1,244 square foot average in the same period last year. This was compounded by the larger per square foot premium reflected for larger contiguous space.



Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,981,802	13.2%	\$1,750,634	36.2%	\$1,454,768
Average Price per Square Foot	\$1,416	8.1%	\$1,310	21.1%	\$1,169
Median Sales Price	\$1,160,000	5.5%	\$1,100,000	17.1%	\$990,248
Number of Sales	1,278	3.7%	1,232	-25%	1,703
Days on Market (from Last List Date)	149	10.4%	135	20.2%	124
Listing Discount (from Last List Price)	2.7%		2.9%		2.8%
Listing Inventory	3,325	15.5%	2,879	11.1%	2,994

Condo Apartment Mix	% of Total	Avg. Price
Studio	13%	\$653,917
1 bedroom	35%	\$927,841
2 bedroom	46%	\$2,218,919
3 bedroom	4%	\$5,996,776
4+ bedroom	2%	\$14,365,368

LUXURY Market

Prices rise as inventory declines

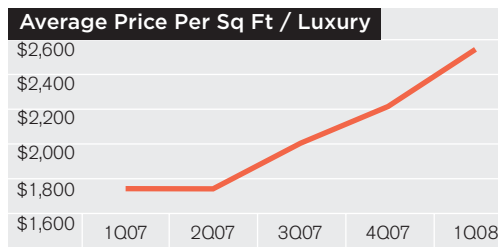
Price indicators continue to break records The median sales price of a Manhattan luxury unit was a record \$4,989,425 in the current quarter, representing an increase of 45.7% as compared to the \$3,425,000 median sales price of the prior year quarter. As was done in the other markets analyzed in this report, the sales of two new development projects were removed to determine their impact on the price skew. Using the new adjusted median sales price without the two specific new development projects, the median sales price of a luxury unit was \$3,850,000, indicating a 12.4% increase over the prior year

quarter median sales price of \$3,425,000. This provides evidence that sales levels in the luxury sector would be near but not break records in all categories. Without removing sales from the data set, the average price per square foot of a luxury unit was a record \$2,556, up 46.6% from the prior year average price per square foot of \$1,744 and the third consecutive quarter the luxury price per square foot remained above the \$2,000 threshold. The average sales price of a luxury apartment was a record \$7,667,413 this quarter, up 65.2% from the prior year quarter average sales price of \$4,641,861.

Inventory continues to decline, listing discount remains stable Listing inventory declined 14.3% to 965 units, from the 1,126-unit total of the same period last year. The inventory level

has averaged 1,232 units each quarter over the past two years, the period this indicator has been tracked for this report. Luxury listings represent 2.5% of total co-op and condo inventory, yet luxury sales are defined as the top 10% of all co-op and condo sales. This disparity of ratios is reflective of the limited availability of inventory at the high-end of the market and is consistent with the sharp increase in price levels over the past year. Despite low inventory levels, the average listing discount in the luxury segment remained stable, rising nominally to 2.5% in the current quarter from 2.3% 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	\$7,667,413	33.5%	\$5,743,230	65.2%	\$4,641,861
Average Price per Square Foot	\$2,556	15%	\$2,223	46.6%	\$1,744
Median Sales Price	\$4,989,425	16%	\$4,300,000	45.7%	\$3,425,000
Number of Sales	228	-9.5%	252	-34.3%	347
Days on Market (from Last List Date)	135	15.4%	117	4.7%	129
Listing Discount (from Last List Price)	2.5%		1.8%		2.3%
Listing Inventory	965	8.8%	887	-14.3%	1,126

LOFT Market

Prices and number of sales stabilize

Price indicators were mixed The median sales price of a Manhattan loft apartment was \$1,600,000 this quarter, down 1.8% from the prior year quarter. However, the average price per square foot and average sales price showed increases over the same period. The average price per square foot was \$1,246 this quarter, up 2.6% from the prior year quarter price per square foot of \$1,215. Average sales price was \$2,228,135

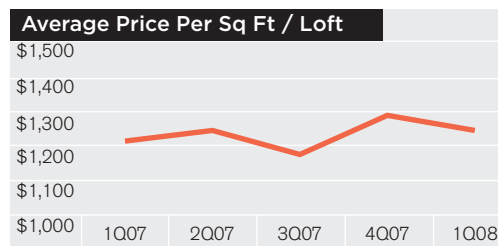
this quarter, up 7.8% from the prior year quarter average sales price of \$2,067,133. The current average sales price is the fifth consecutive month above the \$2M threshold and the second highest average sales price since the second quarter of 2007 when it was \$2,411,429.

Days on market remained constant, while listing discount increased The average number of days it took to sell a loft apartment was essentially unchanged this quarter as compared to the same period last year at 135 days. The average days on market for the past seven years, which is the entire period that this indicator has been tracked for this report, was 129 days. The

average listing discount in the current quarter was 3.3% which is up from the 2.5% listing discount of the prior year quarter.

Sales were stable as inventory posted modest rise There were 182 sales tracked in this report, essentially unchanged from the 183 sales observed in the prior year quarter. Over the same period, the number of loft apartments available for sale increased slightly, reaching 494 apartments in the current quarter, up 5.1% from the prior year quarter total of 470 apartments.

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	\$2,228,135	8.4%	\$2,056,097	7.8%	\$2,067,133
Average Price per Square Foot	\$1,246	-3.4%	\$1,290	2.6%	\$1,215
Median Sales Price	\$1,600,000	10.7%	\$1,445,000	-1.8%	\$1,630,000
Number of Sales	182	68.5%	108	-0.5%	183
Days on Market (from Last List Date)	135	-4.3%	141	-0.7%	136
Listing Discount (from Last List Price)	3.3%		3.2%		2.5%
Listing Inventory	494	-2.8%	508	5.1%	470

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