

MANHATTAN

Market Overview

2Q 09

A Quarterly Survey of Manhattan Co-op and Condo Sales

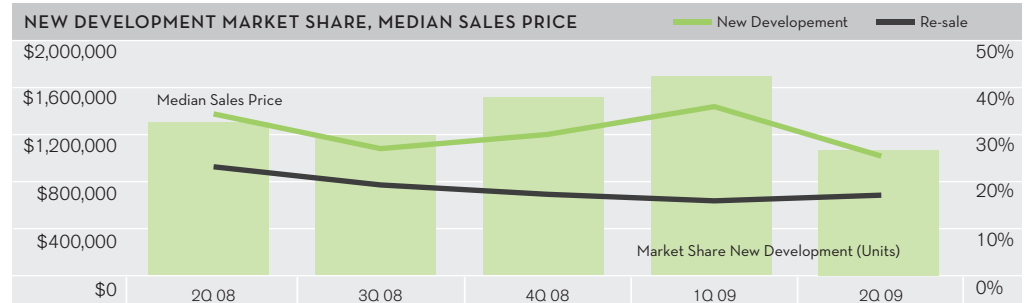
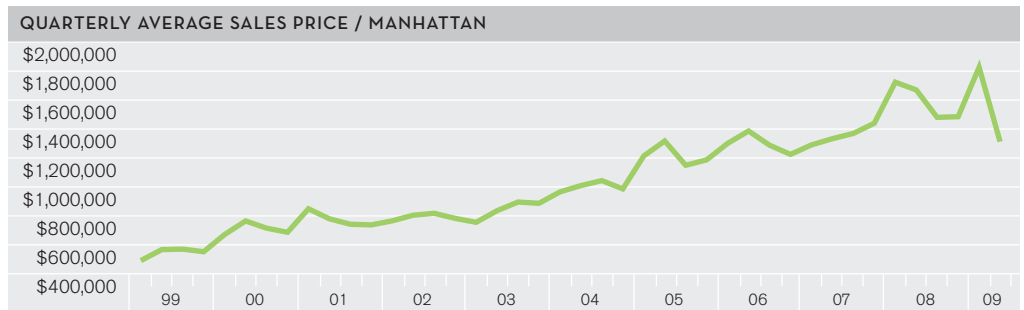


Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Seasonal uptick in sales activity as listing inventory declined

Number of sales up over prior quarter but down by half from prior year There were 1,532 co-op and condo sales in the current quarter, 50.3% below the 3,081 sales of the prior year quarter but up 28.2% from the prior quarter. Over the prior decade, the increase in number of sales from the first to the second quarter averaged 13.1%, so the 28.2% gain was more than double the norm, partially attributable to pent-up demand after the record 47.6% contraction in number of sales between the fourth quarter of 2008 and first quarter of 2009. Listing inventory is up a modest 8.7% to 9,378 units from 8,626 units in the prior year quarter, but fell by 10.2% from the prior quarter total of 10,445, the highest quarterly level in a decade. Inventory in the second quarter tends to peak in May and decline in June as increased sales activity erodes the level of apartments on the market. This year listing inventory peaked two months earlier, at the end of March. Other factors influencing restrained growth in inventory include the expansion of “shadow” inventory, which include new development units—at or near completion—not currently offered for sale, and “casual sellers” opting to wait until market conditions improve before listing their properties. First time and entry-level apartment buyers played a key role in the increase in activity this spring, albeit seasonal, with a 54% entry-level market share, up from 50% in the prior quarter.

MANHATTAN MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,312,920	-28.1%	\$1,825,847	-21.4%	\$1,669,729
Average Price per Square Foot	\$1,056	-16.1%	\$1,259	-16.4%	\$1,263
Median Sales Price	\$835,700	-14.3%	\$975,000	-18.5%	\$1,025,000
New Development	\$1,069,162	-29%	\$1,505,000	-6.7%	\$1,145,531
Re-Sale	\$725,000	7.4%	\$675,000	-25.6%	\$975,000
Number of Sales	1,532	28.2%	1,195	-50.3%	3,081
Days on Market (from Last List Date)	162	-4.7%	170	20%	135
Listing Discount (from Last List Price)	7.8%		12.4%		3.6%
Listing Inventory	9,378	-10.2%	10,445	8.7%	8,626



Price indicators for re-sales declined as market share expanded The median sales price of a re-sale apartment this quarter was \$725,000,

Note: inventory methodology has been expanded, inclusive of historical, down 25.6% from \$975,000 in the same period last year but up 7.4% from \$675,000 in the prior quarter due to seasonality. The re-sale median

sales price has increased in every first to second quarter transition since 2003 when first tracked. The new development median sales price slipped 6.7% to \$1,069,162 from \$1,145,531 in the prior year quarter. New development closings can lag the market by as much as 18 months from when the meeting of the minds occurred. Re-sale listing activity has been more reactive to the change in the market since the correction last fall, resulting in lower prices but increased sales activity compared to new development. New development has seen limited changes to pricing despite the fall market correction, reflected in the decline of new development market share. In the current quarter, market share of new development units sold fell to 27% from 35% in the prior year quarter and from 42.8% in the prior quarter. The 73% re-sale market share in the second quarter was at its highest level since the second half of 2007. The other price metrics of average sales price and price per square foot also showed declines. Like median sales price, the average sales price was \$1,312,920, down 21.4% from the prior year quarter and average price per square foot was \$1,056, down 16.4% from \$1,263 in the prior year quarter.

Marketing time metrics reduced in the spring

The average days on market was 162 in the current quarter, up 20% from 135 days in the prior year quarter, but was 8 days faster than the recent high water mark of 170 days in the first quarter. Listing discount was 7.8%, up from 3.6% in the prior year quarter and up from 12.4% in the first quarter. The earlier-than-typical decline in inventory levels this spring and the increase in sales activity caused the time on the market to reduce slightly and the range between listing price and sales price to shorten. It also suggests that initial pricing of properties may have been nominally closer to market levels as market participants begin to adapt to the new market.

CO-OP market

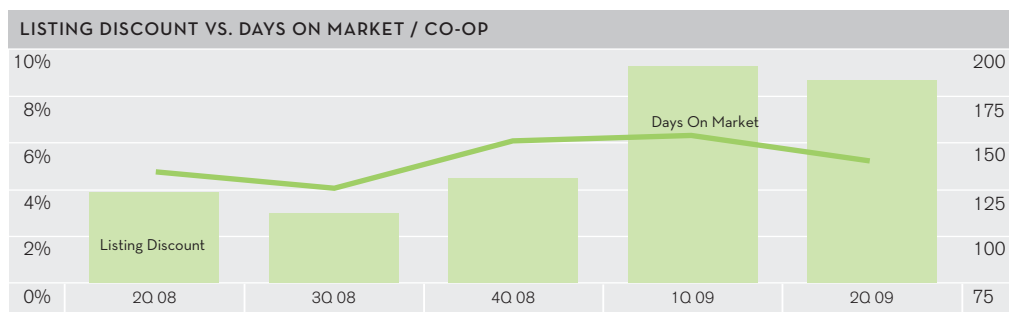
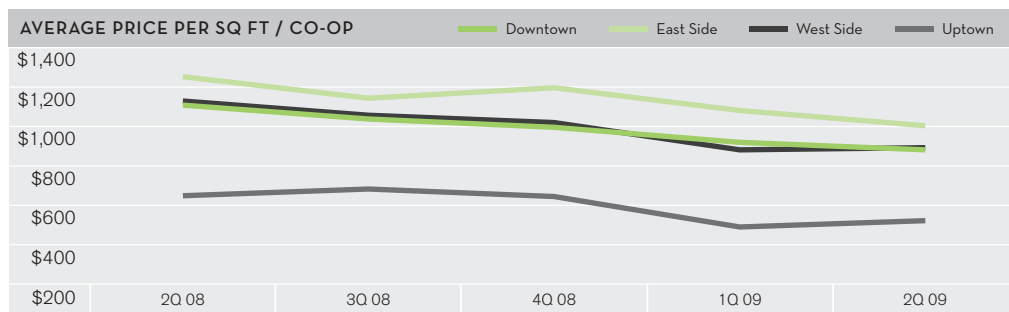
Inventory expanded as prices declined

Price indicators showed similar declines All three co-op price metrics reflected double digit declines as compared to the prior year quarter results. The median sales price of a Manhattan co-op fell 14% to \$649,000 from \$755,000 in the prior year quarter but increased 10.5% from \$587,500 in the prior quarter. Average sales price fell 16.5% to \$1,068,726 from \$1,280,201 in the prior year quarter and fell 10.4% from the prior quarter average of \$1,193,144. Price per square foot was \$917 in the current quarter, down 20% from the prior year quarter price per square foot of \$1,146 and down 5.3% from \$968 per square foot in the prior quarter. The decline in co-op price indicators was due to larger price declines at the higher end of the price spectrum, that was more exaggerated as compared to the prior quarter than the prior year quarter. Both studio and 1-bedroom co-op apartments saw no change in median sales price from the prior

quarter at \$365,000 and \$580,000 respectively. 2-Bedroom apartments reflected a modest decline of 4.4% to \$1,075,000. Both 3-bedroom and 4-bedroom apartments declined significantly by 41.8% to \$1,995,000 and 53.2% to \$4,200,000 respectively.

East Side continued to have highest price per square foot On a per square foot basis, the percent decline in each of the four regions was consistent from the prior year quarter. The price per square foot for the current quarter Downtown was \$881, down 20.4%; East Side was \$1,003, down 19.8%; West Side was \$892, down 20.9%; Uptown was \$523, down 19.4%.

Number of sales fell as listing inventory expanded There were 728 sales in the current quarter, down 41.9% from the prior year quarter total of 1,254 but a significant jump from the 414 apartments sold in the prior quarter. At the same time, listing inventory totaled 4,399 apartments, up 5% from the 4,188 apartments available in the prior year quarter, but down 8.5% from the prior quarter total of 4,807 apartments. Co-op market share of listing inventory was 46.9% of total inventory and consistent with its 47.5%



CO-OP MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,068,726	-10.4%	\$1,193,144	-16.5%	\$1,280,201
Average Price per Square Foot	\$917	-5.3%	\$968	-20%	\$1,146
Median Sales Price	\$649,000	10.5%	\$587,500	-14%	\$755,000
Number of Sales	728	75.8%	414	-41.9%	1,254
Days on Market (from Last List Date)	141	-9%	155	4.4%	135
Listing Discount (from Last List Price)	8.7%		9.3%		3.9%
Listing Inventory	4,399	-8.5%	4,807	5%	4,188

CO-OP APARTMENT MIX	% of Total	Median Price
Studio	20%	\$365,000
1 bedroom	41%	\$580,000
2 bedroom	26%	\$1,075,000
3 bedroom	9%	\$1,995,000
4+ bedroom	4%	\$4,200,000

market share of all sales. The absorption of co-op apartments—the number of months to sell existing inventory at the current pace of sales—in the 2009 second quarter market reached 18.1 months, 10.1 months longer than the 8 month absorption rate during the same period last year. The rate spiked to a record 36.8 months last quarter after a combined drop in sales activity and jump in listing inventory, and was considered more of an anomaly.

Days on market and listing discount expanded

Along with a modest increase in listing inventory over the past year, days on market and listing discount showed modest gains. Days on market was 141 days in the current quarter, a 6-day increase from 135 days in the prior year quarter but two weeks faster than the prior quarter average of 155 days. Listing discount was 8.7% this quarter, up from 3.9% in the prior year quarter but down slightly from 9.3% in the prior quarter. The modest decline from the prior quarter is attributable to seasonality and improved conditions during the “spring” market after the limited level of activity in the first quarter.

CONDO *market*

Prices and number of sales declined

Price indicators showed decline The overall median sales price of a Manhattan condo fell below \$1,000,000 for the first time since the first quarter of 2007. The overall median sales price was \$999,000, down 21.2% from the prior year quarter median sales price of \$1,267,000 and 18.6% below the median sales price of \$1,227,200 in the prior quarter. This reflects the declining market share of new development closings that accounted for 48.6% of all condo closings in the quarter, down from 54.3% of all closings in the prior year quarter. The high concentration of high-end closings in the prior quarter skewed the price indicators for condos in the first quarter higher suggesting a spike in pricing. However the prior quarter price surge was reflective of larger unit sales that occurred 12-18 months ago when the meeting of the minds actually occurred for many of the units that closed. The average square footage of a new development sale in the current quarter was 1,349, similar to 1,395 square

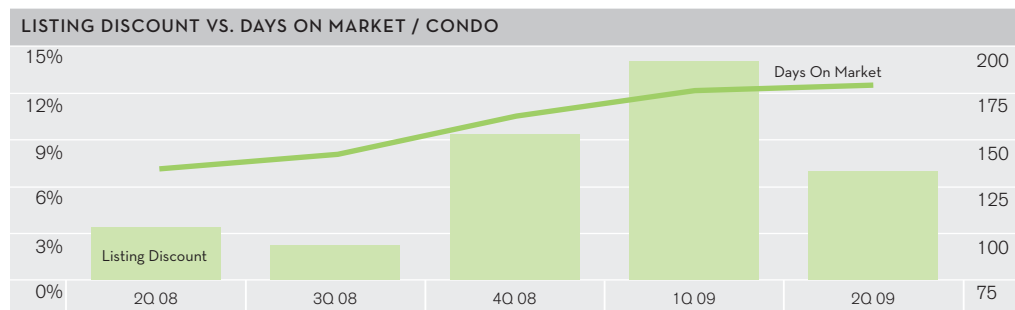
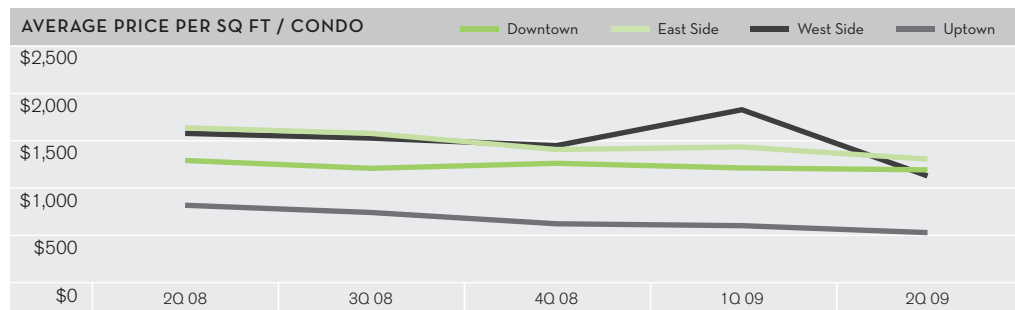
feet in the prior year quarter, while the prior quarter saw a spike in this metric, reaching 1,680 square feet.

Listing inventory expanded as number of sales declined

There were 4,979 re-sale and new development condo listings in the current quarter exclusive of “shadow inventory”, up 12.2% from the prior year quarter total of 4,438 units. However, inventory fell 11.7% from 5,638 units in the prior quarter as units were sold off during the robust spring marketing period or simply taken off the market. Condos comprised 53.1% of total inventory and 52.5% of total sales. Within condo inventory totals, 41.9% are considered new development listings and 58.1% are classified as re-sale listings. The monthly absorption rate was 18.6 months at the end of the second quarter, more than three times the 5.8 month absorption rate of the prior year quarter and down slightly from the 21.7 month absorption rate in the first quarter. The sharp increase in this indicator over the last two quarters was due to the contraction in the number of sales and significant expansion of inventory at roughly the same time.

Days on market, listing discount expanded

The days on market average for Manhattan condos exceeded 6 months for the first time since this metric has been tracked over the past decade. The 181 days on market average is 46 days longer than the 135 days on market of the prior year quarter, largely due to the expansion of new development marketing time. Listing discount expanded over the year but dropped sharply from the prior quarter. This metric was 7% in the second quarter, roughly double the 3.5% of the prior year quarter but approximately half the 14.1% listing discount of the prior quarter. The exaggerated seasonal improvement from the prior quarter reflects the uptick in activity during the spring market as measured by the increase in number of sales and decline in listing inventory.



CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,534,031	-29%	\$2,161,237	-20.8%	\$1,937,090
Average Price per Square Foot	\$1,181	-16.4%	\$1,413	-18.1%	\$1,442
Median Sales Price	\$999,000	-18.6%	\$1,227,200	-21.2%	\$1,267,000
Number of Sales	804	2.9%	781	-56%	1,827
Days on Market (from Last List Date)	181	1.7%	178	34.1%	135
Listing Discount (from Last List Price)	7%		14.1%		3.4%
Listing Inventory	4,979	-11.7%	5,638	12.2%	4,438

CONDO APARTMENT MIX	% of Total	Median Price
Studio	14%	\$550,000
1 bedroom	34%	\$785,000
2 bedroom	32%	\$1,370,000
3 bedroom	14%	\$2,500,000
4+ bedroom	6%	\$3,920,000

LUXURY market

Listing inventory expanded as price indicators declined

Price indicators showed double digit decline

The price skew over the past several years reflecting high-end new development activity appears to be easing as its market share continues to decline, with the exception of the spike in the first quarter. The market share of new development units was 27.8% of all luxury sales in the current quarter, down from 40.8% in the prior year quarter and in line with the 28.3% average new development market share by unit sales of the past five years. The three overall price indicators showed consistency in their declining trends compared to the same period a

year ago. The average sales price of a Manhattan luxury apartment was \$4,759,181, down 25.2% from the \$6,364,000 in the prior year quarter. Median sales price fell 26% to \$3,660,608 from \$4,950,000 in the same period last year. Price per square foot declined 19% to \$1,848 from \$2,282 in the prior year quarter. The luxury market reflects the highest 10% of all sales for the period. The current quarter threshold was \$2,636,750, the lowest level in two years.

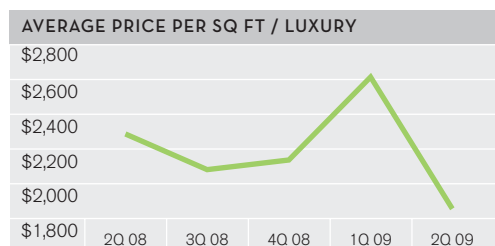
Listing inventory expanded There were 1,844 luxury apartments available for sale at the end of the second quarter, more than double the 875 apartments in the prior year quarter. The rate of expansion of inventory in this market has been higher than the overall market due to the lower level of activity caused by the disproportionately higher underwriting standards of mortgage

lenders. Inventory totals remain below decade highs reached in 2006, when each of the four quarter periods of that year exceeded 1,900 listings.

Listing discount and days on market continued to expand

The expansion of inventory resulted in an increase in the length of time a property took to sell and an increase in the discount between list and sales price. Days on market in the luxury market expanded by 45 days to 182 days, from 137 days in the prior year quarter. This metric is at its highest level since the fourth quarter of 2002 when it was 185 days. Listing discount was 8.6%, a four-fold increase from 2% 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.



	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$4,759,181	-39%	\$7,801,442	-25.2%	\$6,364,000
Average Price per Square Foot	\$1,848	-29.2%	\$2,612	-19%	\$2,282
Median Sales Price	\$3,660,608	-44.5%	\$6,595,000	-26%	\$4,950,000
Number of Sales	153	27.5%	120	-50.3%	308
Days on Market (from Last List Date)	182	19%	153	32.8%	137
Listing Discount (from Last List Price)	8.6%		7.8%		2%
Listing Inventory	1,844	14.5%	1,610	110.7%	875

LOFT market

Price indicators mixed, inventory slipped

Price indicators mixed The loft market saw more modest price changes than the remainder of the Manhattan apartment market this quarter. The median sales price of a Manhattan loft increased 9.9% to \$1,867,500 from the prior year quarter, in contrast to the declines seen in the remainder of the market. However second quarter median sales price did drop 9.6% from the prior quarter median sales price of \$1,700,000. Average sales

price fell below \$2,000,000 for the first time since the fourth quarter of 2006. The average sales price of a loft apartment this quarter was \$1,947,076, down 8.3% from the prior year quarter average sales price. Price per square foot was \$1,197 this quarter, down 8.7% from the prior year quarter price per square foot of \$1,311.

Listing inventory decreased as number of sales declined

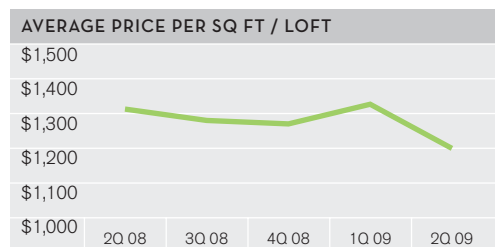
The number of loft sales in the second quarter fell 73.5% to 72 units from 272 units in the prior year quarter and fell 19.1% from 89 units in the prior quarter. Despite the sharp year-over-year decline, listing inventory also declined 12.7% to 737 units from 845 units in the same period last year. The disconnect between

these two indicators appears to be an anomaly since inventory tends to expand as the number of sales increase.

Listing discount expanded as days on market contracted

The average loft was on the market for 138 days, down nominally by 4 days from 142 days in the prior year quarter and down 20 days from 158 days in the prior quarter. Listing discount more than doubled to 7.2% from 2.9% in the prior year quarter but eased downward from 8.9% 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	\$1,947,076	-25.1%	\$2,597,869	-8.3%	\$2,123,780
Average Price per Square Foot	\$1,197	-9.7%	\$1,325	-8.7%	\$1,311
Median Sales Price	\$1,867,500	-9.6%	\$2,065,000	9.9%	\$1,700,000
Number of Sales	72	-19.1%	89	-73.5%	272
Days on Market (from Last List Date)	138	-12.7%	158	-2.8%	142
Listing Discount (from Last List Price)	7.2%		8.9%		2.9%
Listing Inventory	737	-11.6%	834	-12.7%	845

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