

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

4Q 08



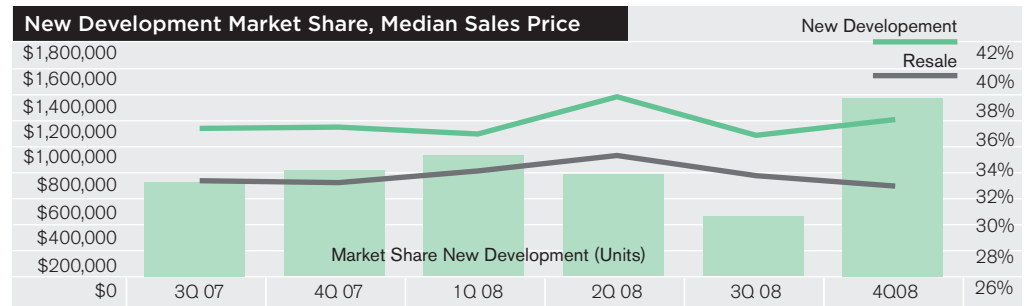
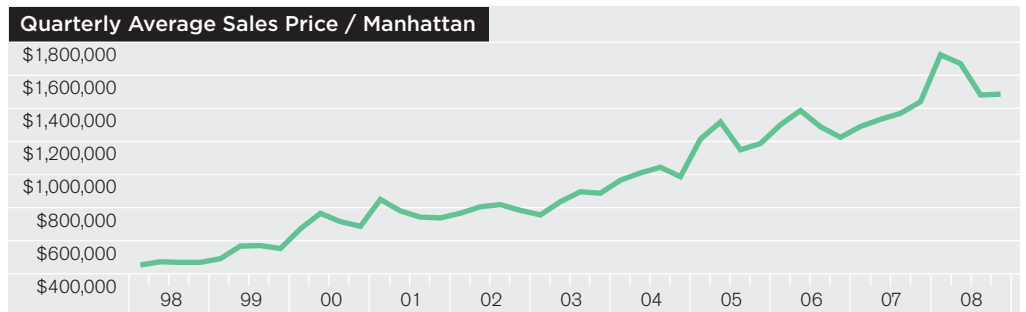
Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Prices declined as the number of sales continued to fall

September brought significant change to the Manhattan housing market At the close of the prior quarter, there was significant turmoil in the financial markets and unprecedented intervention by federal government agencies. The bailout of Fannie Mae, Freddie Mac and insurance giant AIG, the investor run on the money market Reserve Primary Fund and the bankruptcy of Lehman Brothers, marked a significant change in the Manhattan housing market as well as the US housing market. The fourth quarter was characterized by a sharp decline in contract activity and a downward correction in contract price levels. Sales contract activity showed evidence of a decline in activity of 40% to 75% compared to the same period last year. Contract price levels showed an average decline of 20% from August 2008. As a result of the 45-60 day lag between contract and closing date, a decline is anticipated in both the number of sales and closing price levels in the first quarter of 2009.

Inventory continued to climb as the number of sales declined There were 9,081 apartments available for sale this quarter, up 39.3% from the same period last year, but up a modest 3.1% from 8,811 apartments in the prior quarter. There were 2,282 sales in the current quarter, down 9.4% from the prior year quarter total of 2,518 and 14% below the prior quarter total of 2,654. The breakout of new development closing activity and

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,485,102	0.3%	\$1,480,363	3.1%	\$1,439,909
Average Price per Square Foot	\$1,183	-0.8%	\$1,193	0.3%	\$1,180
Median Sales Price	\$900,000	-3%	\$928,263	5.9%	\$850,000
New Development	\$1,260,000	11%	\$1,135,000	5%	\$1,200,000
Re-Sale	\$732,500	-10.1%	\$815,000	-3.6%	\$760,000
Number of Sales	2,282	-14%	2,654	-9.4%	2,518
Days on Market (from Last List Date)	159	18.5%	134	21.3%	131
Listing Discount (from Last List Price)	7.3%		2.6%		2.7%
Listing Inventory	9,081	3.1%	8,811	39.3%	6,518



Note: inventory methodology has been expanded, inclusive of historical.

re-sale activity shows significant disparity and provides an explanation for the modest decline in number of sales as well as the absence of a sharp

decline as was anticipated. There was a 24.8% decline in the number of re-sale units that closed this quarter, while the number of new development

closings surged 35.5% over the same period last year. Since many of the new development sales went to contract 12 to 18 months ago, it is not reflective of current market conditions. The decline in the number of re-sales reflects limited contract activity at the end of the third quarter and the first half of the fourth quarter. The contraction of credit and other economic conditions continues to expand the time period from contract date to closing date.

Days on market, listing discount jumped Listing discount spiked this quarter to 7.3% from a 2.7% listing discount in the prior year quarter. The large spread between the average listing price and contract price is evidence of how sellers continue to be “behind the market decline”. The same pattern was seen in days on market, expanding to 159 days from the 131 days on market average of the prior year quarter.

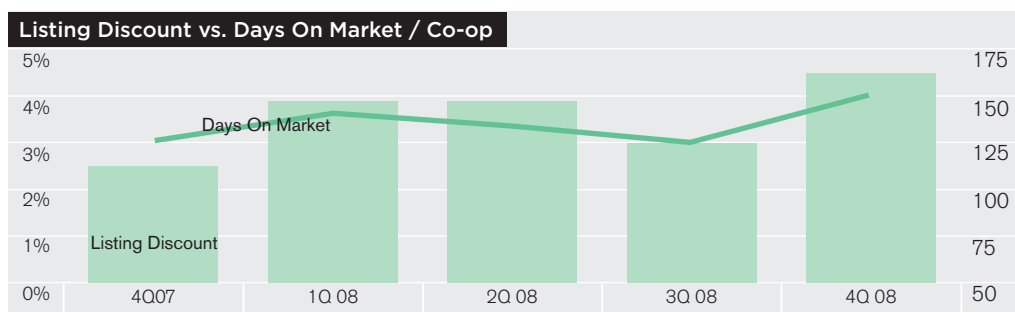
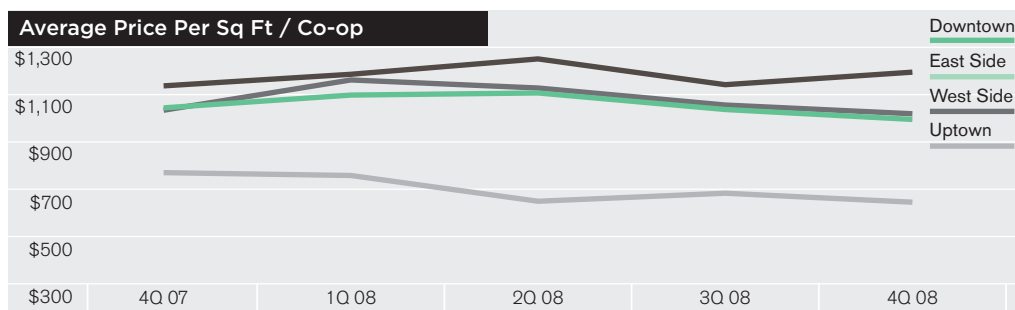
Re-sale prices declined, new development prices rose The average price per square foot of a Manhattan apartment was \$1,183 this quarter, up nominally from the \$1,180 price per square foot reached in the prior year quarter and down 0.8% from the prior quarter price per square foot of \$1,193. The median sales price of a Manhattan apartment was \$900,000 this quarter, up 5.9% from the same period last year, but down 3% from the prior quarter and down 12.2% from the record level of \$1,025,000 set in the second quarter of 2008. Average sales price was \$1,485,102 in the current quarter, 3.1% higher than the prior year quarter mark of \$1,439,909 and up 0.3% over the prior quarter average sales price of \$1,480,363. However, when the median sales price is analyzed by re-sale and new development activity, the results show disparate trends. The median sales price of a new development sale increased 5% to \$1,260,000 from \$1,200,000 in the same period last year. The median sales price of a re-sale was \$732,500, down 3.6% from the \$760,000 median sales price of the prior year quarter. The rise in median sales price of new development property was reflective of the larger mix of higher end units that went to contract in 2007 rather than appreciation of individual apartments.

CO-OP Market

Prices showed nominal change, number of sales dropped

Nominal change in prices The median sales price of a Manhattan co-op was \$675,000 in the current quarter, unchanged from the same period last year and down 1.9% from the prior quarter median sales price of \$688,000. The price per square foot indicator reached \$1,059 this quarter, essentially the same level as the \$1,055 average per square foot of the prior year quarter and \$1,056 per square foot of the prior quarter. Average sales price showed a 6.2% increase to \$1,213,382 in the current quarter over the \$1,142,232 average sales price of the prior year quarter and 4.5% over the prior quarter average sales price of \$1,161,302. The gain in average sales price was likely due to the shift in mix over the year with an 8% increase in market share sales of 1-bedroom and 2-bedroom apartments, primarily at the expense of the studio market, which saw a 7% decline in share.

Inventory increased, number of sales fell Co-op apartment inventory reached 3,808 units this quarter, a 52.2% increase over the 2,502 units that were available for sale in the prior year quarter and 2.1% higher than the 3,730 apartments available for sale in the prior quarter. The pace of inventory continues to climb each month. In the same period last year, co-op inventory was 26.2% below the prior year quarter followed by changes of -2%, +34.4%, +35.9% and +52.2% in subsequent quarters. Since only 2.2% of co-op inventory is classified as new development – in the form of cond-op ownership – the increase in inventory is due to the increase in re-sale inventory caused by the reduced demand in the latter half of 2008. The absorption rate was 11.6 months this quarter, more than double the 5.3-month absorption rate of the prior year quarter. The 985 co-op sales in the current quarter are 23.4% below the 1,286 sales in the same period last year. Co-op sales represent 43.2% of all sales while co-op inventory represents 41.9% of all listings. In the prior year quarter, co-ops represented 51.1% of total sales while co-op inventory represented



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,213,382	4.5%	\$1,161,302	6.2%	\$1,142,232
Average Price per Square Foot	\$1,059	0.3%	\$1,056	0.4%	\$1,055
Median Sales Price	\$675,000	-1.9%	\$688,000	0%	\$675,000
Number of Sales	985	-26.9%	1,348	-23.4%	1,286
Days on Market (from Last List Date)	152	20.6%	126	19.7%	127
Listing Discount (from Last List Price)	4.5%		3%		2.5%
Listing Inventory	3,808	2.1%	3,730	52.2%	2,502

Co-op Apartment Mix	% of Total	Median Price
Studio	26%	\$382,500
1 bedroom	39%	\$645,000
2 bedroom	31%	\$1,450,000
3 bedroom	3%	\$4,650,000
4+ bedroom	1%	\$10,500,000

38.4% of all listings. The decline in market share of co-op apartment sales is attributable to the increase in condo new development sales, not diminished interest in co-op apartments.

Days on market and listing discount expanded

The average days on market for a co-op apartment was 152 days, 25 days longer than the 127 days on market in the same period last year and 26 days longer than the prior quarter. The last time this indicator exceeded 150 days was in the fourth quarter of 2002, when it reach 152 days. At that time, the housing market slowed during the months before the Iraq War began at the end of the first quarter of 2003. Listing discount also expanded over the same period. The average listing discount was 4.5% in the current quarter, up from 2.5% in the same period last year and up from 3% in the prior quarter. Both indicators are reflective of the expansion of inventory. As properties continue to enter the market behind weakening conditions, longer marketing times and larger discounts affect listings that actually sell.

CONDO Market

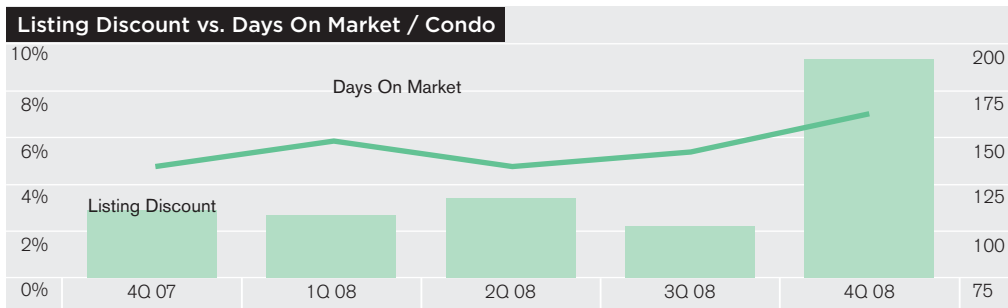
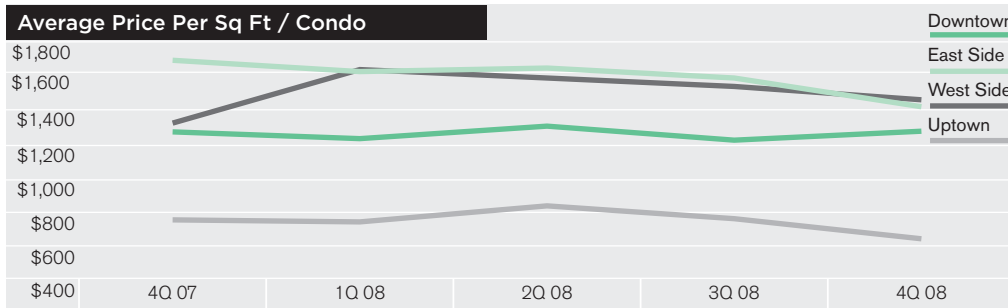
Price indicators slid as inventory rose

Price levels slipped Median sales price as compared to the prior year quarter was the only price indicator to reflect an increase. The median sales price of a Manhattan condo was \$1,120,075, an increase of 1.8% above the prior year quarter median sales price of \$1,100,000, but 8.2% below the prior quarter median sales price of \$1,220,000. The price per square foot for the current quarter was \$1,277, down 2.5% from the prior year quarter price per square foot of \$1,310 and down 4.3% from the prior quarter median sales price of \$1,334. Average sales price fell to \$1,691,459, 3.4% below the \$1,750,634 seen at this time last year and 6.5% below the \$1,809,684 average sales price in the prior quarter. The surge of high-end new development closings in the prior year quarter caused the price per square foot and average sales price indicators to reflect declines this quarter.

New development inventory growth rate began to ease

Listing inventory reached 5,273 units this quarter, up 31.3% from the prior year quarter total of 4,015 and 3.8% higher than the 5,081 units seen in the prior quarter. The pace of condo inventory growth, fueled in large part by new development activity has eased. There are 2,407 new development listings, up 19% from the 2,022 units in the prior year quarter. The same metric for each quarter of 2008 was 68.9%, 78.2%, 53.5% and 19% showing a declining growth rate. New development inventory additions to the housing stock are expected to fall substantially in 2009 as the credit contraction essentially eliminated new condo development financing since the third quarter of 2007. However, this trend rate does not reflect “shadow” inventory – new units that are not being offered for sale – which are expected to rise as the number of contracts being signed declines. The number of sales increased modestly this quarter as a result of a high level of new development closings, yet the absorption rate was 12.2 months compared to the 7-month absorption rate of the prior year quarter. New development sales accounted for 38.3% of all closings this quarter, up from 25.6% in the prior year quarter. There were 1,297 condo sales in the current quarter, 5.3% more than the 1,232 sales in the prior year quarter and 0.7% fewer than the prior quarter total of 1,306.

Days on market, listing discount expanded The days on market in the current quarter averaged 164 days, 29 days longer than the 135 days on market average of the prior year quarter and 21 days longer than the 143 days on market average of the prior quarter. This is consistent with the expansion of inventory and more property on the market creating more competition to sell, which expands marketing time. The listing discount was 9.4% this quarter, a sharp increase from the 2.9% listing discount of the prior year quarter and the 2.2% listing discount of the prior quarter. The listing discount for the quarter is the highest recorded in the decade this metric has been tracked.



Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,691,459	-6.5%	\$1,809,684	-3.4%	\$1,750,634
Average Price per Square Foot	\$1,277	-4.3%	\$1,334	-2.5%	\$1,310
Median Sales Price	\$1,120,075	-8.2%	\$1,220,000	1.8%	\$1,100,000
Number of Sales	1,297	-0.7%	1,306	5.3%	1,232
Days on Market (from Last List Date)	164	14.7%	143	21.5%	135
Listing Discount (from Last List Price)	9.4%		2.2%		2.9%
Listing Inventory	5,273	3.8%	5,081	31.3%	4,015

Condo Apartment Mix	% of Total	Median Price
Studio	10%	\$525,000
1 bedroom	34%	\$766,080
2 bedroom	50%	\$1,665,000
3 bedroom	5%	\$3,995,000
4+ bedroom	1%	\$8,451,475

LUXURY Market

Prices slipped as inventory increased

Price indicators showed decline The median sales price of a Manhattan luxury apartment was \$4,132,516, down 3.9% from the \$4,300,000 median sales price of the prior year quarter, but up 2.7% from the \$4,022,087 median sales price of the prior quarter. The luxury sector was the only market segment to show a decline in all three price indicators compared to the same period last year. The price per square foot slipped 4.1% to \$2,131 this quarter, from \$2,223 per square foot in the prior year quarter, but 2.7% above the \$2,075 per square foot in the prior

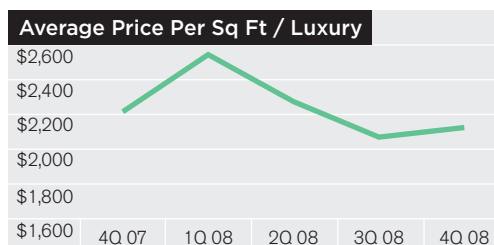
quarter. Average sales price declined 3.2% to \$5,559,502 this quarter, from \$5,743,230 in the prior year quarter and down 4% from the \$5,790,229 in the prior quarter.

Inventory continued to expand Listing inventory expanded 25.5% to 1,730 units from the prior year quarter total of 1,378 units and 6.5% above the 1,625 units in the prior quarter. Inventory has more than doubled since recently bottoming at 875 units in the second quarter of 2008. The absorption rate is 22.8 months, up from 16.4 months in the prior year quarter.

Days on market, listing discount expanded As inventory expanded during the quarter, so did marketing time and negotiability. The average days on market reached 169 days, 52 days longer than the same period a year ago and 50

days longer than the prior quarter. Over the past decade, the quarterly days on market indicator for the luxury market averaged 17 days longer than the overall market. However, during the past two years the luxury market averaged marketing times 4 days faster than the overall market. The unusual speed of sales activity in the luxury market was caused primarily by record compensation on Wall Street and limited inventory. In the current quarter, the luxury days on market exceeded the overall market by 10 days. Like the overall market, listing discount jumped this quarter to 7.5% from 1.8% in the prior year quarter and 2.9% in 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.



Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$5,559,502	-4%	\$5,790,229	-3.2%	\$5,743,230
Average Price per Square Foot	\$2,131	2.7%	\$2,075	-4.1%	\$2,223
Median Sales Price	\$4,132,516	2.7%	\$4,022,087	-3.9%	\$4,300,000
Number of Sales	228	-14%	265	-9.5%	252
Days on Market (from Last List Date)	169	42%	119	44.4%	117
Listing Discount (from Last List Price)	7.5%		2.9%		1.8%
Listing Inventory	1,730	6.5%	1,625	25.5%	1,378

LOFT Market

Price indicators mixed, skewed by new development

Price indicators mixed, larger apartments sold The price per square foot of a Manhattan loft apartment was \$1,268 in the current quarter, down 1.7% from the prior year quarter price per square foot of \$1,290. Both average sales price and median sales price indicators were significantly skewed because the average size of a loft increased 17% to 1,865 square feet, from 1,594 square feet in the prior year quarter. However, the current average size is roughly the

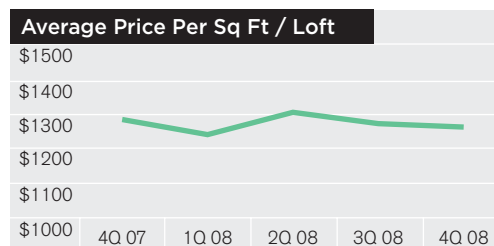
same as the 1,864 square foot 10-year average.

Inventory slipped as number of sales increased There were 156 loft sales in the current quarter, up 44.4% from the prior year quarter total of 108 units, but down 30.7% from the 225 units of the prior quarter. Because of the smaller market segment, the loft market sales activity and listing inventory tend to be more volatile. Loft sales accounted for 6.8% of all sales in the current quarter, up from 4.3% in the same period last year. Listing inventory was 698 units, down 10.9% from the prior year quarter total of 783 units and down 16% from 831 in the prior quarter. The decline in inventory and increase in sales has caused the absorption rate

to decline to 13.4 months, from 21.7 months in the prior year quarter. The inventory market share of new development has expanded over the past year, comprising 28.7% of all loft listings, up from 21.8% in the same period last year.

Listing discount and days on market expanded The days on market average was 160 days in the current quarter, 19 days longer than the 141 days on market average in the prior year quarter. The listing discount was 6.5%, more than twice the 3.2% listing discount of the same period last year.

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	\$2,364,485	6.9%	\$2,211,864	15%	\$2,056,097
Average Price per Square Foot	\$1,268	-0.8%	\$1,278	-1.7%	\$1,290
Median Sales Price	\$2,050,000	6.8%	\$1,920,000	41.9%	\$1,445,000
Number of Sales	156	-30.7%	225	44.4%	108
Days on Market (from Last List Date)	160	23.1%	130	13.5%	141
Listing Discount (from Last List Price)	6.5%		2.4%		3.2%
Listing Inventory	698	-16%	831	-10.9%	783

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