

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

1Q 07



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

More sales activity as inventory drops and prices rise

Price indicators showed modest gains

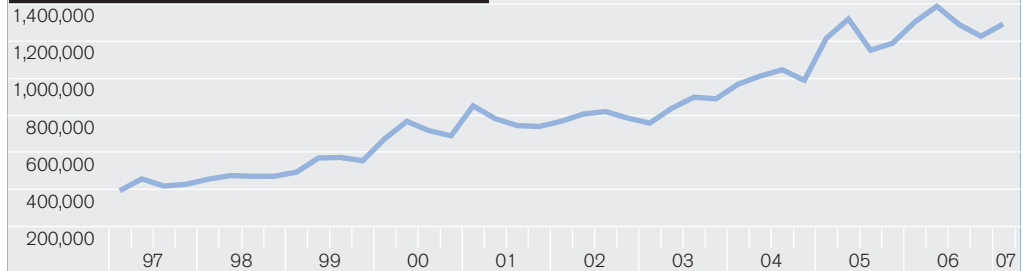
The average price per square foot and median sales price posted gains over the prior year quarter. The average price per square foot of a Manhattan apartment was \$1,070, up 6.6% over the prior year quarter average price per square foot of \$1,004 and up 7.2% over the prior quarter average of \$998. Median sales price for the quarter was \$835,000, up 1.2% over the prior year quarter median sales price of \$825,000 and up 4.5% over the prior quarter median sales price of \$799,000. The average sales price of a Manhattan apartment was \$1,290,391 this quarter, the fourth highest on record but was down 0.8% from the prior year quarter average sales price of \$1,300,928, although the price was still up 5.4% from the prior quarter's \$1,224,840.

Price gains segmented by type and location

By type, 4-bedroom units showed the largest increase in average sales price as compared to the prior year quarter with a 24.8% gain to \$8,957,570. The average sales price of a 3-bedroom was the next highest gain at 9% to \$3,592,638, followed by studios with a 7.5% increase to \$455,571 and 2-bedrooms with a 2% increase to \$1,521,042. The only category to show an overall decrease in average sales price was the 1-bedroom segment, which slipped 1.9% to \$687,078. By location, all four major market areas showed consistent single digit increases on a per square foot basis as compared to the prior year quarter. Downtown averaged \$1,057 per square foot which was up 7.6% over the prior year quarter. East Side averaged \$1,128

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,290,391	5.4%	\$1,224,840	-0.8%	\$1,300,928
Average Price per Square Foot	\$1,070	7.2%	\$998	6.6%	\$1,004
Median Sales Price	\$835,000	4.5%	\$799,000	1.2%	\$825,000
Number of Sales	3,474	42.3%	2,441	73.3%	2,005
Days on Market (from Last List Date)	131	-12.6%	149	-5.6%	138
Listing Discount (from Last List Price)	2.6%		2.8%		2.8%
Listing Inventory	5,923	-0.2%	5,934	-14.2%	6,904

Quarterly Average Sales Price / Manhattan



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

per square foot up 7.7% over the prior year quarter. West Side averaged \$1,088 per square foot up 6.6% over the prior year quarter. Uptown averaged \$673 per square foot up 8% over the prior year quarter.

The number of sales surged again this quarter

Like the prior quarter, there was a sharp increase in the number of sales this quarter as compared to both the prior year quarter and the prior quarter. The sizeable increase in activity over these previous 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. However, sales levels in the prior year quarter were not as unusually low as levels seen in the second half of 2005, indicating that a large portion of this increase of activity was not a statistical anomaly.

There were 3,474 sales this quarter, up 73.3% from the prior year quarter total of 2,005 and up 42.3% from the prior quarter total of 2,441 which was the first full quarter with co-op sales data in the public domain.

Listing inventory remains flat, but well below prior year

There were 5,923 apartments available for sale, 14.2% below the prior year quarter total of 6,904 and remained essentially unchanged from the 5,934 units available in the prior quarter. Inventory levels are now 22.5% below the recent peak in the second quarter of 2006 when it reached 7,640 units. The rise in listing inventory from the fourth quarter to the first quarter over the prior two years was 10.3% and 15.8% respectively. In a stabilized market, we would expect inventory to have climbed this quarter as properties enter the market before

the spring sales season begins, historically the period with the highest level of activity and price gains.

Listing discount and days on market declined for the second consecutive month

The spread between the last listing price and the average sales price declined this quarter. The average listing discount was 2.6%, down slightly from the 2.8% listing discount in both the prior quarter and prior year quarter. This correlates with the reduction in inventory as competition between properties increased. It took 131 days to sell an apartment this quarter, one week faster than the 138 days it took in the same period last year and 18 days sooner than the prior quarter average days on market of 149. At the end of the current quarter, however, we observed more sellers raising list prices at a faster pace than actual prices were rising, possibly indicating that both of these indicators could expand in the coming quarters and perhaps dampen the number of sales.

The surge in demand was based on solid economic conditions

The Manhattan housing market saw a large increase in the number of sales, a drop in listing inventory and a general increase in price levels this quarter. This market has not experienced a large level of individual investors seeking short-term profits (a.k.a. “flippers”) but rather this market has attracted primarily owner occupant or second home purchasers from the surrounding suburbs, regions and other countries. This condition contradicts the national housing market. The national economy has been tepid, and has showed more recent signs of weakness, which has helped keep mortgage rates low, further stimulating demand in the local market. In the national market, inventory levels remain high, the number of sales have fallen and prices continue to weaken. Solid local economic conditions including low unemployment, rising income levels in the financial services sector, rising corporate profits, the weakening dollar, and gains in tourism have all provided an environment for fostering housing demand. The state of the economy has kept the number of new development projects entering the market at a relatively high level, and so far, the demand has been able to absorb the new supply.

CO-OP Market

Price indicators see modest gains

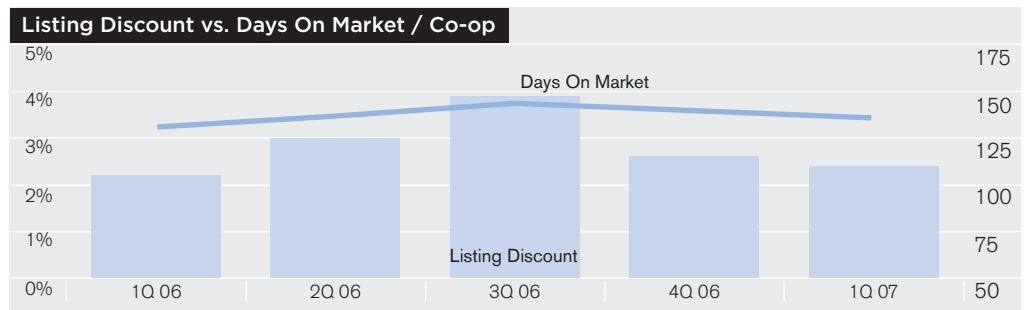
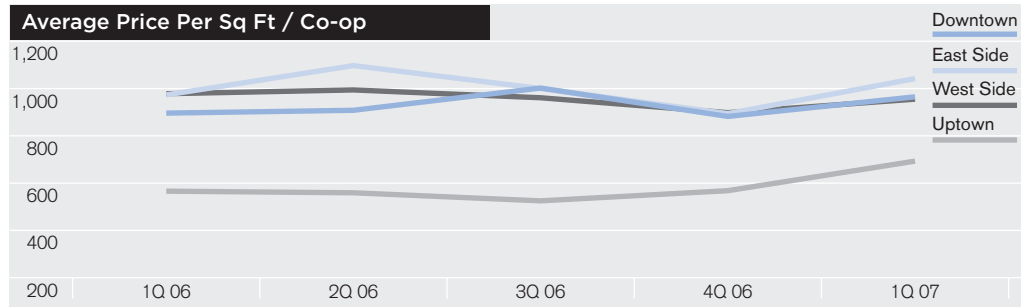
All price indicators posted gains The average sales price of a Manhattan co-op was \$1,132,325, up 3.6% over the \$1,093,361 average sales price in the prior year quarter and up 8.1% over the \$1,047,219 average sales price in the prior quarter. Average price per square foot saw the same pattern. The average price per square foot this quarter was \$975, up 4.5% from the prior year quarter of \$933 and up 11.8% from the prior quarter average price per square foot of \$872. Median sales price this quarter was up 1.5% to \$657,000, over the prior year quarter median sales price of \$665,000 and up 3.8% over the prior quarter median sales price of \$650,000. However, when the average sales price is broken out by number of bedrooms, most of the averages were down from the same period last year, with the greatest weakness found in the entry-level markets including studios and 1-bedroom apartments. The average sales price of studios was down 6.6% to \$365,204, 1-bedrooms down 10.7% to \$573,609, 2-bedrooms down 1.7% to \$1,305,483, 3-bedrooms down 2.1% to \$3,244,184 but 4-bedrooms were up 26.5% to \$8,531,585.

Number of sales increased sharply as inventory contracted

There were 1,771 co-op sales this quarter, up 90% over the prior year quarter total of 932. About one third of the increase is believed to be attributable to the addition of co-op sales to public record in August 2006 by the City of New York. This differential will continue to play a role in overstating the increase in activity for the next two quarters. The number of sales was up 21.9% over the prior quarter total of 1,453 which was the first full quarter that co-op sales were available in public record. There were 2,929 co-ops available for sale this quarter, down 26.2% from the prior year quarter total of 3,971 and down 4.1% from the prior quarter total of 3,054 apartments. This is the lowest level of co-op inventory since the first quarter of 2005, when the total was 2,620 units and the third consecutive quarter that inventory has declined. The reduction in inventory is a result of increased sales activity as well as the reduction in the number of listings that were priced merely for the co-op owners to “cash-out” of the market. The total aggregate purchase dollars of all co-op sales this quarter exceeded \$2,000,000,000 for the first time, reaching \$2,005,347,575.

Market share of entry-level apartments dropped

The combined market share of entry-



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,132,325	8.1%	\$1,047,219	3.6%	\$1,093,361
Average Price per Square Foot	\$975	11.8%	\$872	4.5%	\$933
Median Sales Price	\$657,000	3.8%	\$650,000	1.5%	\$665,000
Number of Sales	1,771	21.9%	1,453	90%	932
Days on Market (from Last List Date)	137	-2.8%	141	3.8%	132
Listing Discount (from Last List Price)	2.4%		2.6%		2.2%
Listing Inventory	2,929	-4.1%	3,054	-26.2%	3,971

Co-op Apartment Mix	% of Total	Avg. Price
Studio	17%	\$365,204
1 bedroom	35%	\$573,609
2 bedroom	41%	\$1,305,483
3 bedroom	5%	\$3,244,184
4+ bedroom	2%	\$8,531,585

level apartments, which include studios and 1-bedrooms, fell 7% to a 52% market share, down from 59% in the prior year quarter. This sector has been particularly active in prior years as one of the primary entry points for renters into the purchase market. The sharp gains in the rental market over the past year may have driven more purchases of 2-4 bedroom apartments than entry-level apartments in the rent versus buy decision. The loss in entry-level market share was offset directly by a 7% increase in 2-bedroom apartment sales.

Days on market and listing discount showed mixed results It took an average of 137 days to sell a co-op apartment this quarter, up 5 days from the prior year quarter of 132 days, but down 4 days from the prior quarter. The listing discount for the quarter was 2.4%, up from the 2.2% listing discount averaged in the prior year quarter, but down from the 2.6% listing discount seen in the prior quarter. The near term trend for both of these indicators are showing declines, but remain above levels seen in the same period last year. The increase in demand, as evidenced by the increase in the number of sales and the decline in inventory, may also drop both of these indicators to lower levels in the coming quarter.

CONDO Market

Prices up in all size categories

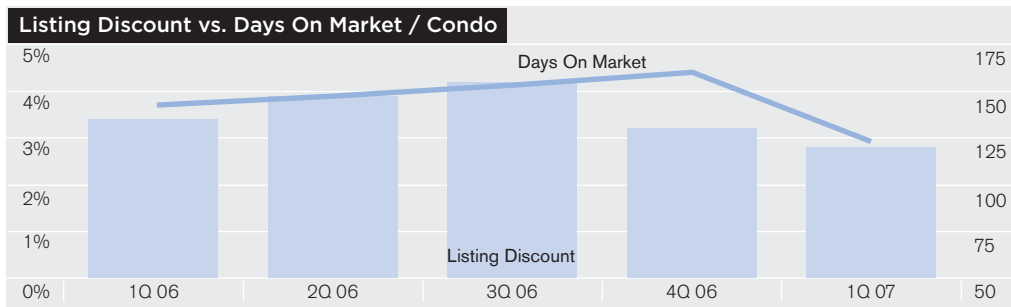
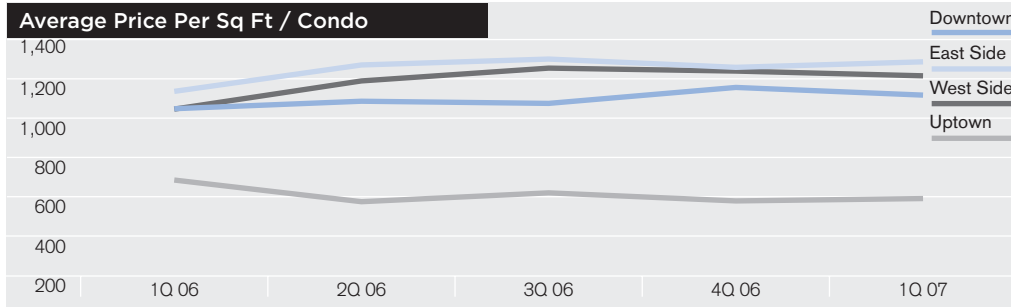
Price indicators generally up from prior year Both median sales price and average price per square foot showed an increase in prices as compared to the prior year quarter. Average price per square foot of a Manhattan condo was \$1,169 in the current quarter, up 9.8% over the prior year quarter average price per square foot of \$1,065 but down 1.3% from the prior quarter average price per square foot of \$1,184. This price indicator has remained above \$1,000 per square foot for two years. Median sales price was \$990,248 this quarter, slipping below \$1,000,000 after exceeding the threshold in the prior two quarters. This indicator was up 1.6% from the prior year quarter median sales price of \$975,000 but down 3.9% from the prior quarter median sales price of \$1,030,000. Average sales price, however, showed a modest decline which was attributable to a shift in the mix of units sold. The average sales price of a Manhattan condo was \$1,454,768, down 1.8% from the prior year quarter average sales price of \$1,481,219 and down 2.1% from the prior quarter average sales price of \$1,486,057.

The average sales price for each size category increased over the prior year quarter. The average sales price of studios were up 16.2% to \$574,395, 1-bedrooms up 7.4% to \$813,631, 2-bedrooms up 7.8% to \$1,712,767, 3-bedrooms up 19.8% to \$3,936,790 and 4-bedrooms up 31.2% to \$9,880,539.

The number of sales surges as inventory rises modestly There were 1,703 condo unit sales this quarter, the highest number recorded in the history of this study. The amount was 58.7% higher than the prior year quarter total of 1,073 and 72.4% above the prior quarter total of 988. The prior record was set in the second quarter of 1999 when the total was 1,247 units. While the scope of sales activity was certainly higher, there appeared to be an unusually large number of closings from new developments this quarter that may have skewed the results upward. There were 2,994 condo units listed for sale this quarter with 895 or 29.9% of those considered to be from new developments, excluding units that have not yet been offered for sale. Total inventory levels are down 24.1% from the third quarter 2006 peak of 3,943 units.

Studio market share jumped The market share of condo studios in Manhattan was 14% this quarter up from 8% in the prior year quarter and the second highest market share reached in the past five years. The average market share over the prior five years was 11% and illustrates the expansion of new development sector to a wider market beyond luxury housing.

Listing discount and days on market decline A Manhattan condo took an average of 124 days to sell this quarter, down 20 days from the 144 average days on market in the prior year quarter and down 38 days from the 162 days in the prior quarter. The sharp drop may be an anomaly since this indicator has exceeded 140 days for more than a year. The average listing discount was 2.8% this quarter, down from both the prior year quarter average listing discount of 3.4% and the prior quarter average listing discount of 3.2%. The drop suggests that homeowners are pricing units closer to market levels and new development pricing was not characterized by a series of amendment price increases.



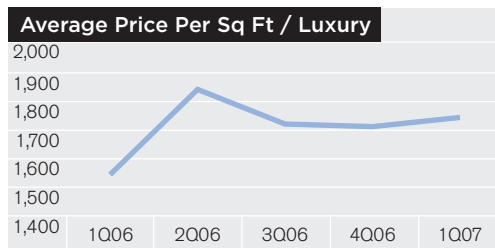
Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,454,768	-2.1%	\$1,486,057	-1.8%	\$1,481,219
Average Price per Square Foot	\$1,169	-1.3%	\$1,184	9.8%	\$1,065
Median Sales Price	\$990,248	-3.9%	\$1,030,000	1.6%	\$975,000
Number of Sales	1,703	72.4%	988	58.7%	1,073
Days on Market (from Last List Date)	124	-23.5%	162	-13.9%	144
Listing Discount (from Last List Price)	2.8%		3.2%		3.4%
Listing Inventory	2,994	4%	2,880	2.1%	2,933

Condo Apartment Mix	% of Total	Avg. Price
Studio	14%	\$574,395
1 bedroom	32%	\$813,631
2 bedroom	48%	\$1,712,767
3 bedroom	5%	\$3,936,790
4+ bedroom	1%	\$9,880,539

LUXURY Market

Prices and number of sales up

Prices up over prior year quarter All price indicators were above the prior year quarter and prior quarter results. The average sales price of a luxury apartment was \$4,641,861 in the current quarter, up 2.1% over the prior year quarter average of \$4,547,201 and up 7.3% over the prior quarter's \$4,324,189. Average price per square foot rose 13% to \$1,744 this quarter from the prior year quarter average of \$1,544 and up 1.9% from the prior quarter average price per square foot of \$1,712. This is the fourth consecutive quarter that this indicator has remained above \$1,700 per square foot.



Both days on market and listing discount fell below overall market

The average days on market and listing discount indicators were below the overall market indicators, which has not occurred since we began tracking luxury marketing time six years ago. The average days on market was 129 days this quarter, the first time this indicator fell below 150 days in over a year which correlates with the drop in listing inventory. Listing inventory in the luxury market was 1,126 units this quarter, down 25.3% from the prior year quarter total of 1,508 units and down 17.3% from the prior quarter total of 1,362 units. In addition, listing discount was 2.3% below this quarter's overall market listing discount of 2.6% and lower than the 2.8% overall discount

seen in the prior year quarter.

Luxury sales dollar volume set records this quarter

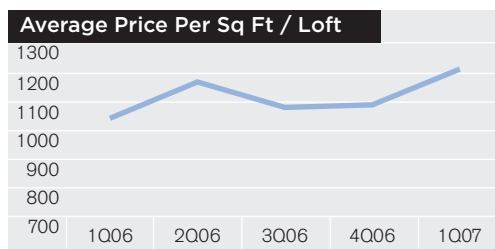
The total aggregate luxury sales dollars for the quarter was \$1,610,725,767, a record level up 43% from the previous record total of \$1,126,328,392 set in the second quarter of 2005 which marked the end of the housing boom in New York. The top ten percent of all sales this quarter accounted for 35.9% of total sales dollars which is above the 34.9% level seen in the prior year quarter and 35.3% level reached in the prior quarter. However this indicator remains consistent with the 35.6% average of the preceding 6 years. 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	\$4,641,861	7.3%	\$4,324,189	2.1%	\$4,547,201
Average Price per Square Foot	\$1,744	1.9%	\$1,712	13%	\$1,544
Median Sales Price	\$3,425,000	2.2%	\$3,350,000	0.7%	\$3,400,000
Number of Sales	347	42.2%	244	73.5%	200
Days on Market (from Last List Date)	129	-14.6%	151	-16.8%	155
Listing Discount (from Last List Price)	2.3%		3.6%		4%
Listing Inventory	1,126	-17.3%	1,362	-25.3%	1,508

LOFT Market

Prices set records as inventory dropped

All price indicators set records The average sales price of a loft apartment broke the \$2,000,000 threshold for the first time, reaching \$2,067,133. This was up 13.2% over the prior year quarter average sales price of \$1,825,958 and up 11.9% over the \$1,847,508 average sales price in the prior quarter. The average price per square foot similarly rose 16.5% from \$1,043 in the prior year quarter to a record \$1,215 average price per square foot in the current quarter and 11.5% from \$1,090 per square foot in the prior quarter. This was the first time the \$1,200 per square foot threshold was exceeded. Median sales price also set a record this quarter and



broke the \$1,600,000 threshold for the first time. The median sales price increased 10.9% to \$1,630,000 from the prior year quarter median sales price of \$1,470,000 and was up 16.8% from the prior quarter median sales price of \$1,395,000.

Number of sales increased as inventory slipped from prior quarter

There were 183 loft sales tracked in this quarter, which was similar to the 187 units that closed in the prior year quarter. However, the number of sales jumped 23.6% from the prior quarter total of 148. For perspective, current sales levels are still well below the 218 loft units that closed in the second quarter of 2006. Inventory levels dropped considerably to 470 units this quarter from the 593 unit total in the prior quarter and record high total of 644 in the second quarter of

2006, but is still above the average level of 397 units over the prior five years.

Listing discount and days on market dropped

Like the overall market pattern, loft units saw a smaller listing discount this quarter after remaining above 3% for all of 2006. The average discount from list price was 2.5% this quarter down from 3.1% in the prior year quarter and down from 3% in the prior quarter. The drop indicates that sellers are pricing units closer to market levels rather than being less negotiable. Days on market was still 11 days longer than the 125 day marketing period seen in the prior year quarter. However, days on market dropped by 15 days to 136 days, from the recent high of 151 days seen 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	\$2,067,133	11.9%	\$1,847,508	13.2%	\$1,825,958
Average Price per Square Foot	\$1,215	11.5%	\$1,090	16.5%	\$1,043
Median Sales Price	\$1,630,000	16.8%	\$1,395,000	10.9%	\$1,470,000
Number of Sales	183	23.6%	148	-2.1%	187
Days on Market (from Last List Date)	136	-9.9%	151	8.8%	125
Listing Discount (from Last List Price)	2.5%		3%		3.1%
Listing Inventory	470	-20.7%	593	37.8%	341

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