

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

3Q 09



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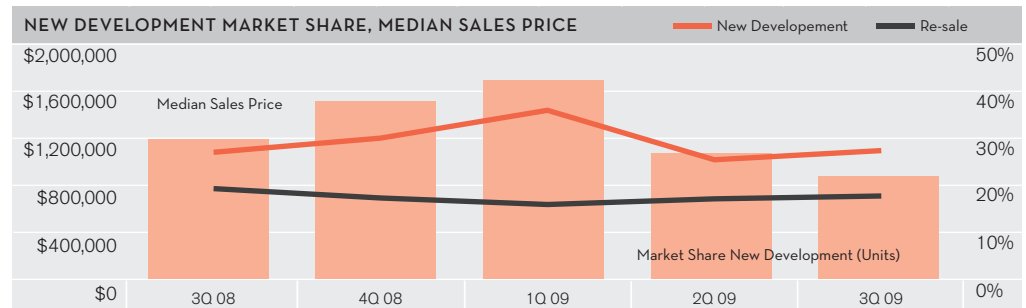
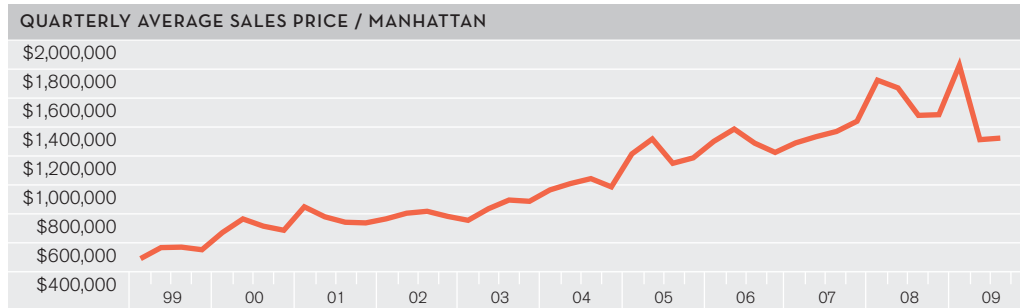
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Prepared by Miller Samuel Inc.
Appraisal and consulting services covering the New York City metropolitan area

Price indicators moved sideways from prior quarter as number of sales surged

The pace of decline in price indicators began to ease The median sales price of a re-sale apartment in Manhattan fell 8% to \$750,000 from \$815,000 in the prior year quarter, but was 3.4% above the prior quarter median sales price of \$725,000. Last year at this time, there was an increase from the prior year quarter of 5.2%, followed by year over year declines in successive quarters of -3.6%, -20.8%, -25.6% and -8%. New development closed sales currently reflect better market conditions that existed prior to the September 2008 tipping point, marked by the bankruptcy filing of the Lehman Brothers investment bank, when many of the contracts were signed. However, since the 22.2% market share of new development sales compared to all sales fell to a two-year low, the overall median sales price trend was not substantially different than the re-sales this quarter. The overall median sales price was \$850,000, down 8.4% from the prior year quarter median sales price of \$928,263. Overall price per square foot fell below \$1,000 for the first time since the fourth quarter of 2006, when the indicator reached \$998 and was only the second time to fall below the threshold in three years. Price per square foot was \$996, down 16.5% from the prior year quarter price per square foot of \$1,193. Overall average sales price followed the same pattern, seeing a decline of 10.6% to \$1,323,462 from \$1,480,363 in the prior year quarter.

MANHATTAN MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,323,462	0.8%	\$1,312,920	-10.6%	\$1,480,363
Average Price per Square Foot	\$996	-5.7%	\$1,056	-16.5%	\$1,193
Median Sales Price	\$850,000	1.7%	\$835,700	-8.4%	\$928,263
New Development	\$1,150,000	7.6%	\$1,069,162	1.3%	\$1,135,000
Re-Sale	\$750,000	3.4%	\$725,000	-8%	\$815,000
Number of Sales	2,230	45.6%	1,532	-16%	2,654
Days on Market (from Last List Date)	167	3.2%	162	24.5%	134
Listing Discount (from Last List Price)	7.6%		7.8%		2.6%
Listing Inventory	8,389	-10.5%	9,378	-4.6%	8,794



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

Number of sales jumped from prior quarter as inventory continued to decline There were 2,230 sales in the third quarter, 16% fewer than

in the same period last year, but 45.6% above the 1,532 sales in the prior quarter, which is well above seasonal trends. Historically, there are

more closings in the second quarter than at any other time of the year so the 45.6% increase in the number of sales from the second quarter is not a seasonal uptick. As a result of increased sales activity, listing inventory fell 4.6% to 8,389 units from 8,794 units in the prior year quarter and 10.5% from 9,378 in the prior quarter.

Days on market and listing discount continued to expand The average time it took to market a property as measured by days on market was 167 days, more than a month longer than the 134 days on market in the prior year quarter and up a modest 5 days from the 162 days on market of the prior quarter. Listing discount, which measures the spread between the listing price and the sales price at time of contract was 7.6%, up from 2.6% in the prior year quarter, but down nominally from 7.8% in the prior quarter.

“Turning the corner” versus “finding the bottom” The number of sales tend to peak in the second quarter of each year. This is reflective of the spring selling season including demand generated from the early year Wall Street bonus season. However, the peak level of activity year to date occurred during the third quarter suggesting the seasonal housing cycle was pushed forward by three months. The unusually low level of sales activity in the first quarter of 2009 appeared to set the stage for a release of pent-up demand later in the year. The summer surge in the number of sales was caused by a myriad of factors including mortgage rates at historic lows, the \$8,000 first time buyer tax credit, increased affordability after the sharp correction in price levels, and continued evidence that the financial system was continuing to stabilize. In addition, a 24% jump in the Dow Jones Industrial Average over the past 6 months resulted in an improvement in consumer confidence. Still, unemployment remains elevated, employment in the financial services sector continues to decline and unusually restrictive mortgage underwriting remains in place. Therefore, this surge in the number of sales does not appear to indicate a housing market “bottom”, but rather provides some evidence that the housing market has “turned the corner.”

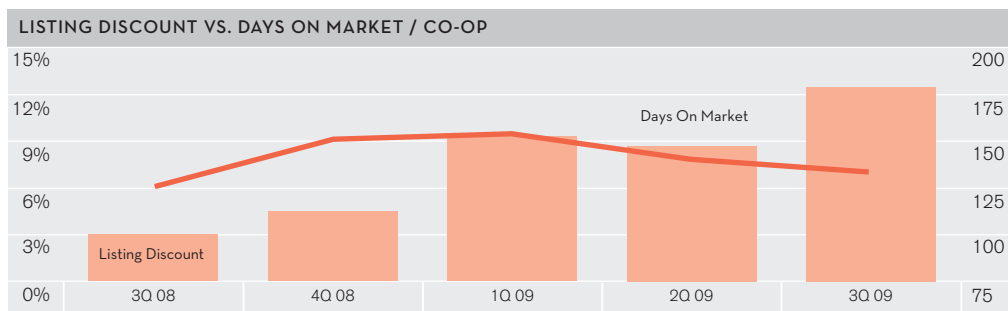
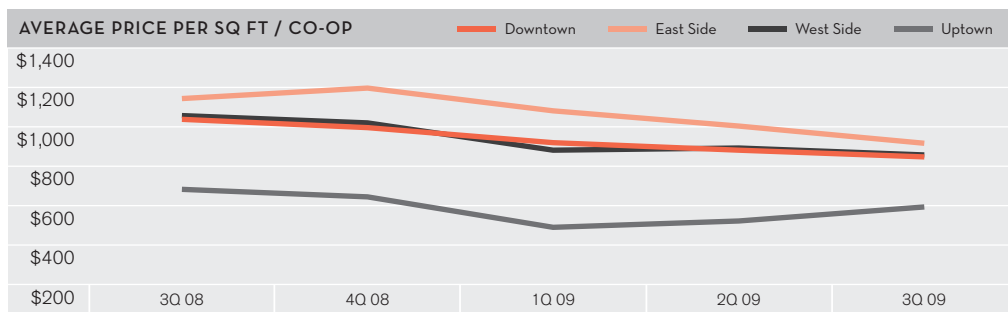
CO-OP market

Inventory fell as pace of price declines eased

All price indicators showed declines The median sales price of a Manhattan co-op was \$630,000, down 8.4% from the prior year quarter median sales price of \$688,000 and 2.9% below the prior quarter median sales price of \$649,000. In the same period last year, the median sales price was 2.9% above the prior year quarter followed by subsequent quarterly results of 0%, -21.7%, -14% and -8%. Average sales price was \$1,005,744, down 13.4% from the prior year quarter average sales price of \$1,161,302 and 5.9% below the \$1,068,726 seen in the prior quarter. Price per square foot was \$866 down 18% from \$1,056 in the prior year quarter and down 5.6% from \$917 in the prior quarter. Until the third quarter, this indicator had remained above \$900 per square foot for 10 consecutive quarters.

East Side was the highest, all regions fell below \$1,000 per square foot While it was the first time in three and a half years that the average price per square foot for all regions fell below \$1,000 per square foot, the east side continued to have the highest price per square foot. The price per square foot for the current quarter on the east side was \$916, down 19.8%; downtown was \$847, down 18.3%; west side was \$857, down 18.8%; uptown was \$594, down 13%.

Inventory and number of sales contracted from prior year quarter There were 995 sales during the third quarter, 26.2% below the 1,348 sales in the prior year quarter. However, the key change in the characterization of the current market was the 36.7% surge in the number of sales from 728 units in the prior quarter, which had been the second lowest level of sales since 1995. The lowest level during that period occurred in the first quarter of 2009, when there were 414 sales and the market was stalling, subsequent to the September 2008 tipping point for the credit crunch. Despite the decline in sales from the prior year quarter, listing inventory was lower as



CO-OP MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,005,744	-5.9%	\$1,068,726	-13.4%	\$1,161,302
Average Price per Square Foot	\$866	-5.6%	\$917	-18%	\$1,056
Median Sales Price	\$630,000	-2.9%	\$649,000	-8.4%	\$688,000
Number of Sales	995	36.7%	728	-26.2%	1,348
Days on Market (from Last List Date)	134	-5%	141	6.3%	126
Listing Discount (from Last List Price)	12.5%		8.7%		3%
Listing Inventory	3,840	-12.7%	4,399	-9%	4,219

CO-OP APARTMENT MIX	% of Total	Median Price
Studio	24%	\$367,500
1 bedroom	36%	\$575,000
2 bedroom	26%	\$1,045,000
3 bedroom	11%	\$1,950,000
4+ bedroom	3%	\$4,200,000

some homeowners opted to pull their properties from the market and wait for better conditions before they re-list. There were 3,840 apartments for sale at the end of this quarter, 9% below the 4,219 apartments listed in the prior year quarter and 12.7% below the 4,399 apartments listed in the prior quarter. The larger decline from the prior quarter reflects the surge in the number of sales in the past several months.

Days on market expanded as listing discount jumped Despite the contraction of listing inventory and expansion in the number of sales this quarter, the listing discount jumped to 12.5% from 3% in the prior year quarter and from 8.7% in the prior quarter. This increase reflects the rising tendency of sellers to “meet the market” in order to sell their properties and is further evidence that sellers are beginning to adapt to the new market price levels. Despite the greater willingness of sellers to discount to these lower price levels, it still takes longer to sell a property now than it did a year ago. The days on market for the third quarter was 134 days, up modestly from 126 days in the prior year quarter, but a week faster than the 141 days of the prior quarter.

CONDO *market*

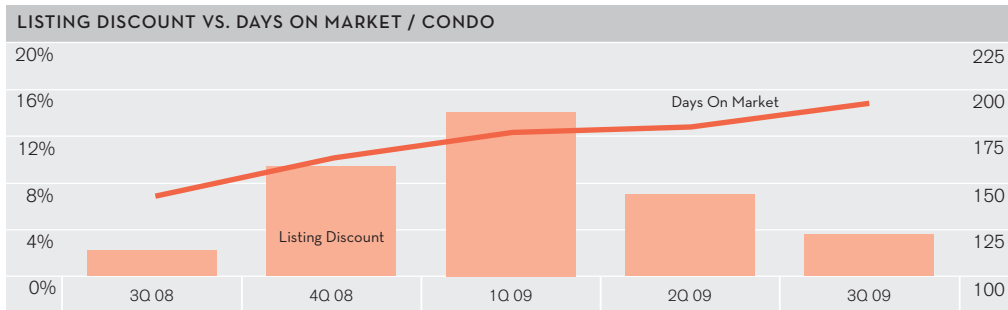
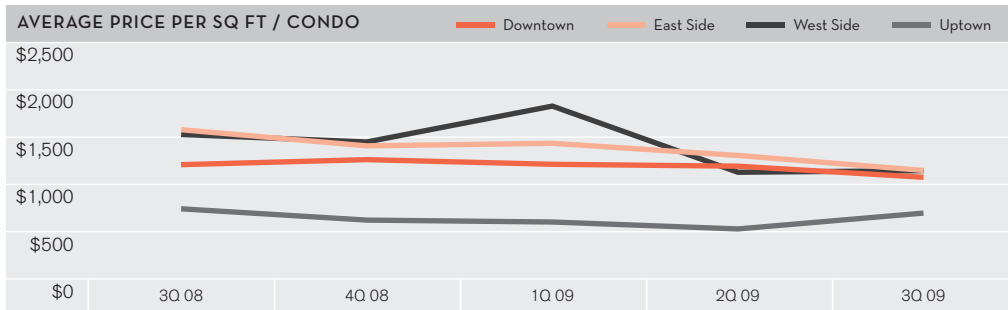
Inventory levels slipped as number of sales surged from prior quarter

Price indicators from prior year quarter declined, change from prior quarter is mixed All price indicators showed a double-digit decline when compared to the prior year quarter, yet show mixed results compared to the prior quarter. The median sales price of a Manhattan condo was \$1,015,124, down 16.8% from \$1,220,000 in the prior year quarter, but up 1.6% from the prior quarter result of \$999,000. The average sales price in the third quarter was \$1,579,438, down 12.7% from the prior year quarter average sales price of \$1,809,684, but up 3% from the \$1,534,031 average sales price of the prior quarter. Price per square foot fell 17.5% to \$1,101 from \$1,334 in the same period last year and was down 6.8% from \$1,181 in the prior quarter. There were double-digit declines in median sales price for all size categories with larger declines for higher end units. This

“bracket slippage”—high end units falling sharply, significantly improving affordability—resulted in an increase in market share for 3-bedroom units to 15% from 5% in the prior year quarter.

Listing inventory continued to slip as number of sales rose sharply Exclusive of new development “shadow inventory”—units ready for sale, but not listed—the number of listings slipped a modest 0.6% to 4,549 units from the prior year quarter total of 4,575 units, but dropped 8.6% from the prior quarter total of 4,979. The recent decline was indicative of the surge in the number of sales in the third quarter helping erode inventory levels. There were 1,235 re-sale and new development sales this quarter, 5.4% below the 1,306 sales in the prior year quarter, but 53.6% above the 804 units that sold in the prior quarter. Since the first quarter of 2006, the prior quarter number of sales was the second lowest total after the first quarter of 2009, which had 781 sales.

Days on market and listing discount expanded Days on market remained above 6 months for the second consecutive month at 194 days, up 51 days from 143 days in the prior year quarter and up 13 days from 181 days in the prior quarter. However, the change in this indicator was skewed by the slowdown in new development absorption. The days on market for re-sales was 133 days, which is consistent with the 134 days on market for co-ops and arguably a proxy for re-sale activity. The average days on market was 293 days for new development excluding “shadow inventory” up from 192 days during the same period last year reflecting the continuing problems with mortgage underwriting on new development sales. Current “shadow inventory” is estimated to exceed the current total number of active re-sale and new development listings.



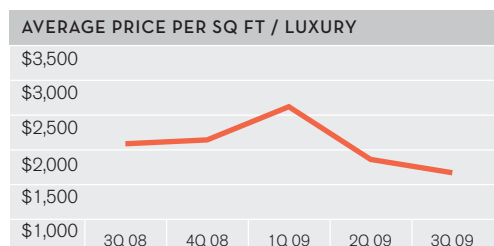
CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,579,438	3%	\$1,534,031	-12.7%	\$1,809,684
Average Price per Square Foot	\$1,101	-6.8%	\$1,181	-17.5%	\$1,334
Median Sales Price	\$1,015,124	1.6%	\$999,000	-16.8%	\$1,220,000
Number of Sales	1,235	53.6%	804	-5.4%	1,306
Days on Market (from Last List Date)	194	7.2%	181	35.7%	143
Listing Discount (from Last List Price)	3.6%		7%		2.2%
Listing Inventory	4,549	-8.6%	4,979	-0.6%	4,575

CONDO APARTMENT MIX	% of Total	Median Price
Studio	12%	\$435,000
1 bedroom	33%	\$710,000
2 bedroom	34%	\$1,265,000
3 bedroom	15%	\$2,350,000
4+ bedroom	6%	\$5,854,937

LUXURY market

Listing inventory slipped as price indicators were mixed

Price indicator trends were similar to the overall market Third quarter price indicators showed double-digit declines compared to the same period last year, but showed mixed results compared to the prior quarter. The median sales price of a luxury apartment was \$3,905,000 in the third quarter, down 2.9% from the \$4,022,087 median sales price of the prior year quarter, but up 6.7% from the prior quarter median sales price of \$3,660,608. The median sales price has remained below the \$4 million dollar threshold for the second consecutive quarter and is at the second lowest level in two years.



The average sales price of a luxury apartment was \$4,881,561 in the third quarter, down 15.7% from the \$5,790,229 average sales price of the prior year quarter, but up 2.6% from the prior quarter average sales price of \$4,759,181. Price per square foot was \$1,655, down 20.2% from the prior year quarter result of \$2,075 and 10.4% below the \$1,848 price per square foot in the prior quarter.

Listing inventory declined Luxury market listing inventory has remained elevated for the past five quarters, reflecting the problems associated with the credit contraction, primarily related to mortgage underwriting policy on jumbo purchase mortgages. Despite above average inventory levels, the number of luxury properties for sale slipped 0.6% to 1,616 units as compared to the prior year quarter and fell 12.4% from the prior

quarter total of 1,844. New development listings are becoming a larger part of the luxury market. They accounted for 39.9% of total listings, up from 32.6% in the same period last year. This contrasts with the 25.7% market share of new development inventory in the overall market compared to 30.6% in the same period last year.

Listing discount and days on market expanded The average luxury property spent 181 days on market in the third quarter, up 52.1% or more than two months longer than the 119 days on market of the prior year quarter. This metric was essentially unchanged from the 182 days on market of the prior quarter. Listing discount was 4.1%, up from 2.9% in the prior year quarter, but down from 8.6% in the prior quarter.

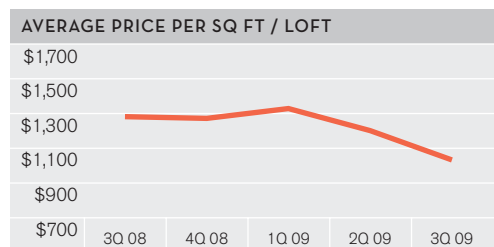
Note: This sub-category is the analysis of the top ten percent of all co-op and condo sales. The data is also contained within the co-op and condo markets presented.

	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$4,881,561	2.6%	\$4,759,181	-15.7%	\$5,790,229
Average Price per Square Foot	\$1,655	-10.4%	\$1,848	-20.2%	\$2,075
Median Sales Price	\$3,905,000	6.7%	\$3,660,608	-2.9%	\$4,022,087
Number of Sales	223	45.8%	153	-15.8%	265
Days on Market (from Last List Date)	181	-0.5%	182	52.1%	119
Listing Discount (from Last List Price)	4.1%		8.6%		2.9%
Listing Inventory	1,616	-12.4%	1,844	-0.6%	1,625

LOFT market

Price indicators fell as sales activity surged

All price indicators showed declines The Manhattan loft market saw double-digit declines in all price indicators compared to the prior year quarter. The median sales price of a Manhattan loft apartment was \$1,500,000, down 21.9% from the \$1,920,000 median sales price during the same period last year and a 19.7% decline from \$1,867,500 in the prior quarter. The average sales price was \$1,778,140, down 19.6% from



the \$2,211,864 average sales price during the same period last year and an 8.7% decline from \$1,947,076 in the prior quarter. This indicator was at its lowest level in nearly four years. Price per square foot was \$1,027, down 19.6% from the \$1,278 price per square foot in the prior year quarter and a 14.2% decline from \$1,197 in the prior quarter.

Listing inventory fell sharply There were 124 loft sales this quarter, down 44.9% from 225 sales in the prior year quarter, but was up 72.2% from 72 sales in the prior quarter. Listing inventory was 623 units, down 25% from the prior year quarter and down 15.5% from the 737 units available in

the prior quarter. For the second consecutive quarter, the lack of an inverse year over year trend appears to be an anomaly.

Listing discount and days on market expanded The average days on market for a loft apartment was 137 days, one week longer than the 130 days on market in the prior year quarter, but essentially unchanged from the 138 days on market in the prior quarter. Listing discount more than tripled to 7.7% from 2.4% in the prior year quarter, but increased nominally from 7.2% 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	\$1,778,140	-8.7%	\$1,947,076	-19.6%	\$2,211,864
Average Price per Square Foot	\$1,027	-14.2%	\$1,197	-19.6%	\$1,278
Median Sales Price	\$1,500,000	-19.7%	\$1,867,500	-21.9%	\$1,920,000
Number of Sales	124	72.2%	72	-44.9%	225
Days on Market (from Last List Date)	137	-0.7%	138	5.4%	130
Listing Discount (from Last List Price)	7.7%		7.2%		2.4%
Listing Inventory	623	-15.5%	737	-25%	831

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