

BROOKLYN

Market Overview

A Quarterly Survey of Brooklyn Residential Sales

4Q 08



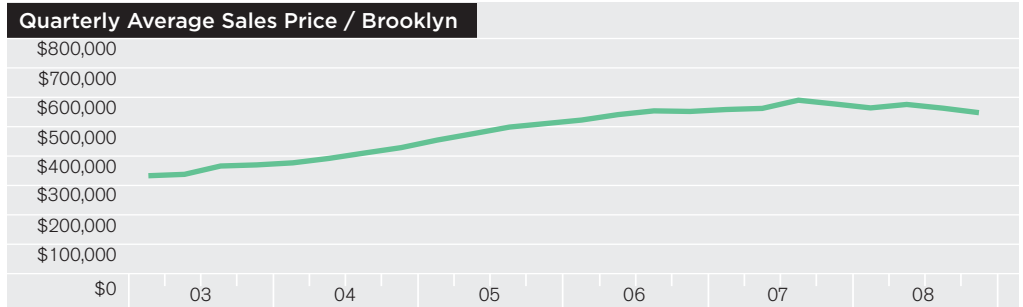
Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Overall price indicators declined, number of sales fell

Declines in price indicators continued The median sales price was \$490,000, down 7.5% from the prior year quarter result of \$530,000 and down 3.9% from the prior quarter result of \$510,000. The year over year change in quarter median sales price has declined for 5 consecutive quarters beginning in the fourth quarter of 2007 when the decline was 0.9%. Subsequent quarters resulted in declines in this metric of 1%, 1.9%, 5.6% and 7.5%. In addition, this is the first time the indicator fell below \$500,000 since the first quarter of 2006 when the median sales price was \$499,500. Average sales price for the quarter was \$559,338, down 5.2% from the prior year quarter average sales price of \$590,169 and down 2.8% from \$575,287 in the prior quarter. Brooklyn showed declines in median sales price more than a year ahead of Manhattan.

Number of sales down sharply, due largely to credit constraints There were 1,846 properties sold in the current quarter, down 42.7% from the prior year quarter total of 3,222 properties and down 19.7% from the prior quarter total of 2,298. The decline in number of sales as compared to the same period in the prior year has occurred for three years or 12 consecutive quarters. The rate of decline for this metric has generally trended higher in recent periods with 2008 seeing declines of 23.9%, 43.4%, 38.2% and 42.7%. The decline is consistent across all regions in the borough suggesting that the credit crunch is playing a major role in the slow down in the number of sales.

Brooklyn Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$559,338	-2.8%	\$575,287	-5.2%	\$590,169
Median Sales Price	\$490,000	-3.9%	\$510,000	-7.5%	\$530,000
Number of Sales	1,846	-19.7%	2,298	-42.7%	3,222
Days on Market (from Last List Date)	133	0.3%	133	5%	127
Listing Discount (from Last List Price)	4%		3.2%		4.5%
Listing Inventory	6,042	-14.9%	7,103		N/A



Co-ops, Brownstones showed gains in price indicators Each of the four Brooklyn market regions in this report: North, Northwest, South and East, showed evidence of declining price trends. While both price indicators in North Brooklyn were higher than the same period a year ago, 74.6% of all sales were condo sales, primarily new development. This closed data tends to reflect the market conditions when contracts were signed as much as 12 to 18 months ago. As a result, the median sales price and average sales price were 0.8% and 5% higher than the prior year quarter. Northwest Brooklyn, which has the highest price levels of the four regions, showed mixed results, experiencing a decline of 8.9% in median sales price and an increase of 1.4% in average sales

price over the same period. The Brownstone submarket experienced the largest gains in median sales price, rising 12% over the same period. Both South Brooklyn and East Brooklyn, with the lowest price levels of the borough yet account for 70.9% of all transactions, posted double-digit price declines in median sales price of 10.6% and 15.1% respectively. When parsing Brooklyn by property type, co-ops out performed condos and 1-3 family properties with a 2.9% increase in median sales price compared to the prior year quarter. Co-op boards did a better job at vetting financial qualifications of buyers during the housing boom than lenders did, tempering the run-up in price levels.

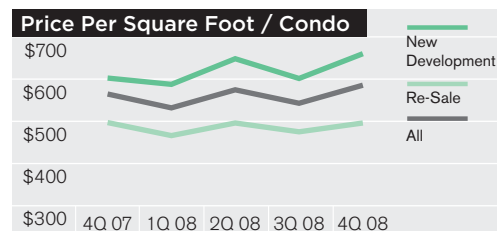
CONDO Market

Prices slipped, new development market share declined

Condo price indicators mixed as number of units declined There were 519 sales in the fourth quarter, down 44.8% from the prior year quarter total of 941 units. New development closings accounted for 55.7% of all condo sales, down from a 63.8% market share in the prior year quarter. The median sales price of a condo was \$514,216, down 4.7% from \$539,672 in the same period last year. New development sales

Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$581,289	1.2%	\$574,559	-7.8%	\$630,710
Average Price per Square Foot	\$586	7.9%	\$543	3.7%	\$565
New Developments	\$661	9.8%	\$602	9.6%	\$603
Re-Sale	\$496	4.4%	\$475	-0.2%	\$497
Median Sales Price	\$514,216	1.7%	\$505,493	-4.7%	\$539,672
Number of Sales	519	-21.4%	660	-44.8%	941
Days on Market (from Last List Date)	187	17.6%	159	20.6%	155
Listing Discount (from Last List Price)	3.6%		3.8%		5.3%

averaged \$661 per square foot compared to \$496 per square foot for re-sales. The average days on market for a condo was 187 days, 32 days longer than the same period last year. This metric is well above the 133 days on market average for the borough, largely due to the large concentration of new development activity.



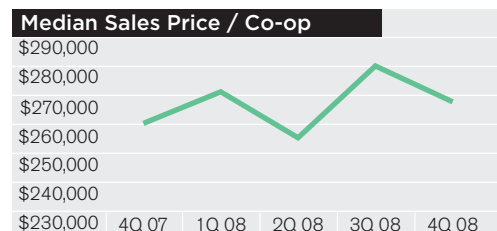
CO-OP Market

Price indicators mixed, number of sales declined

Price indicators performed better than other property types The median sales price was \$267,500 for the quarter, up 2.9% from \$260,000 in same period last year and is the only general property category to see an increase over the same period. There were 452 sales in the quarter, down 32.4% from 669 units in the same

Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$329,968	-1.4%	\$383,831	-1.8%	\$336,074
Median Sales Price	\$267,500	-4.5%	\$280,000	2.9%	\$260,000
Number of Sales	452	-24.2%	596	-32.4%	669
Days on Market (from Last List Date)	117	-14%	136	-6.4%	125
Listing Discount (from Last List Price)	4.7%		2.6%		4.5%

period last year. Days on market contracted over the same period by 8 days to 117 days from 125 days. The listing discount was 4.7%, essentially unchanged from 4.5% in the prior year quarter. Co-op sales represented 24.5% of all property sales in Brooklyn for the quarter, up from 20.8% in the same period last year.



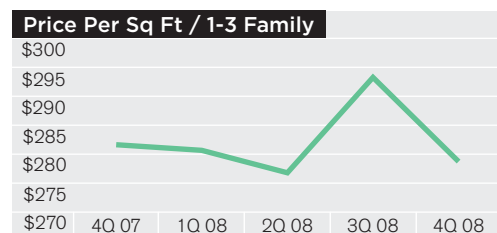
1-3 FAMILY Market

Price indicators edged downward as number of sales declined

Price indicators posted modest declines The median sales price was \$584,250 in the fourth quarter, 4.2% below the \$610,000 median sales price in same period last year. There were 875 sales in the quarter, down 45.7% from 1,612 units in the same period last year. Days on

1-3 Family Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$666,069	-2.8%	\$685,257	-0.9%	\$671,956
Average Price per Square Foot	\$278	-5.1%	\$293	-1.1%	\$281
Median Sales Price	\$584,250	-2.6%	\$600,000	-4.2%	\$610,000
Number of Sales	875	-16%	1,042	-45.7%	1,612
Days on Market (from Last List Date)	110	-4.3%	115	-1.8%	112
Listing Discount (from Last List Price)	3.9%		3.2%		4.1%

market slipped 2 days over the same period to 110 days from 112 days. The listing discount was 3.9%, down nominally from 4.1% in the prior year quarter. 1-3 family sales represented 47.4% of all property sales in Brooklyn for the quarter, down from 50% in the same period last year.



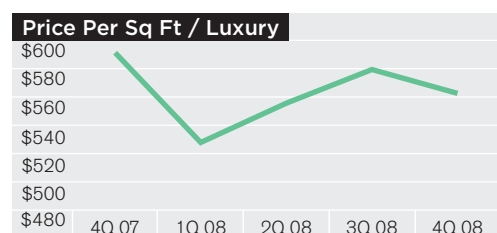
LUXURY Market

Price indicators declined as days on market expanded

The median sales price of a luxury apartment in Brooklyn was \$1,135,470 this quarter, down 6.2% from the median sales price of \$1,210,482 in the prior year quarter. Average sales price slipped 0.3% to \$1,413,415 from \$1,417,943 in the same period last year. 1-3 family properties comprised 61% of all luxury sales this quarter while condos

Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,413,415	-0.1%	\$1,414,429	-0.3%	\$1,417,943
Average Price per Square Foot	\$563	-2.9%	\$580	-4.9%	\$592
Median Sales Price	\$1,135,470	-6.2%	\$1,210,000	-6.2%	\$1,210,482
Number of Sales	184	-20%	230	-42.9%	322
Days on Market (from Last List Date)	142	0%	142	5.2%	135
Listing Discount (from Last List Price)	4%		1.7%		3.5%

and co-ops were 31% and 8% respectively. Days on market averaged 142 days for the quarter, 1 week longer than the 135 days on market over the same period last year. Listing discount increased to 4% from 3.5% in the prior year quarter.



Note: This sub-category is the analysis of the top ten percent of all co-op, condo and 1-3 family sales. The data is also contained within the co-op, condo and 1-3 family markets presented.

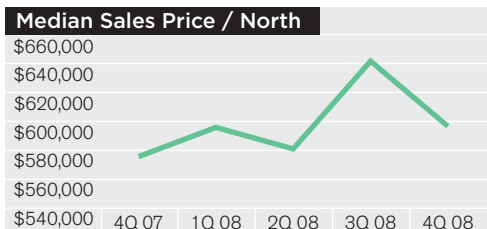
NORTH

Price gains rose due to concentration of new development activity

Price indicators rose, condos comprised majority of sales The median sales price for the quarter was \$596,125, up 3.7% from the \$575,000 median sales price of the same period last year. Price per square foot was \$459 for the quarter, up 5% from \$437 per square foot in the prior year quarter. Average sales price was \$637,996, up 0.8% over the average sales price of \$632,891 in the same period last year. However, because condo sales comprised 74.6% of all sales in the region and most were new development, the price trend more closely reflects market conditions of 12 to 18 months ago when the units went to contract. The condo

North Brooklyn Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$637,996	-7.3%	\$688,529	0.8%	\$632,891
Average Price per Square Foot	\$459	-10.4%	\$512	5%	\$437
Median Sales Price	\$596,125	-7.1%	\$641,497	3.7%	\$575,000
Number of Sales	142	-25.7%	191	-42%	245

Condo Submarket Matrix / North	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$618,315	-8.9%	\$678,853	2%	\$606,242
Average Price per Square Foot	\$608	-1.9%	\$620	13.6%	\$535
Median Sales Price	\$571,546	-7.4%	\$617,049	4.9%	\$544,763



Quintiles / Median Sales Price by No. of Sales / North	Current Qtr	% Chg Prior Year Qtr
5/5	\$999,500	-6.5%
4/5	\$761,335	8.6%
3/5	\$605,475	5.3%
2/5	\$475,000	4.1%
1/5	\$310,000	17%

submarket had an average price per square foot of \$608, 13.6% higher than the \$535 price per square foot of the same period last year. The number of sales for all of North Brooklyn fell

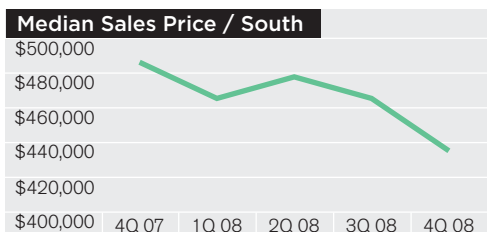
42% to 142 properties from 245 in the prior year quarter and represented a 7.7% market share of the entire borough.

SOUTH

Price indicators declined yet market share rose

Overall price indicators declined The market share of South Brooklyn based on units sold represented 55.6% of all sales activity in the borough, up from 53.3% in the same period last year. There were 1,027 units sold in the fourth quarter, down 40.2% below the 1,717 unit total in the prior year quarter. The median sales price of a property was \$434,600, down 10.6% from the prior year quarter median sales price of \$486,000. Average sales price saw a similar pattern, falling 7.1% to \$488,250 from \$525,429 during the same period last year. All five quintiles showed

South Brooklyn Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr	
Average Sales Price	\$488,250	-4%	\$508,362	-7.1%	\$525,429	
Median Sales Price	All	\$434,600	-6.5%	\$465,000	-10.6%	\$486,000
	Condo	\$437,503	2.5%	\$426,887	-4.9%	\$460,000
	Co-op	\$213,985	7%	\$200,000	-0.5%	\$215,000
	1-3 Family	\$600,000	-3.2%	\$620,000	-0.8%	\$605,000
Number of Sales	1,027	-17%	1,238	-40.2%	1,717	



Quintiles / Median Sales Price by No. of Sales / South	Current Qtr	% Chg Prior Year Qtr
5/5	\$826,250	-2.8%
4/5	\$595,000	-4.8%
3/5	\$435,000	-10.5%
2/5	\$310,000	-13.1%
1/5	\$168,000	-6.7%

declines in median sales price with the largest declines seen in the second and third quintiles. These market segments had median sales prices of \$310,000 and \$435,000 and posted

declines of 13.1% and 10.5% respectively. The top quintile saw the lowest decline from the prior year quarter at 2.8% with a median sales price of \$826,250 in the current quarter.

EAST

Region continued to show weakest market conditions of borough

Price indicators showed declines as number of sales continues to fall The market share of units in East Brooklyn was 15.2% of all Brooklyn sales, down from 18.1% in the same period last year and from a 25% market share 2 years ago at this time. Market share has declined because sales activity has declined faster than in the other regions. The number of sales declined 51.7% to 281 units from 582 units in the prior year quarter, which is the largest year over year quarterly decline in the past five years. Median sales price for the quarter was \$450,000, down

East Brooklyn Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr	
Average Sales Price	\$462,680	5%	\$440,442	-15.4%	\$547,195	
Median Sales Price	All	\$450,000	1.9%	\$441,400	-15.1%	\$530,225
	Condo	\$337,248	0.2%	\$336,648	-15.2%	\$397,500
	1-3 Family	\$462,591	-5.3%	\$488,436	-19.6%	\$575,500
Number of Sales	281	-20.4%	353	-51.7%	582	



Quintiles / Median Sales Price by No. of Sales / East	Current Qtr	% Chg Prior Year Qtr
5/5	\$730,000	-8.7%
4/5	\$573,000	-11.7%
3/5	\$450,000	-15.1%
2/5	\$330,000	-17.6%
1/5	\$203,900	-27.9%

15.1% from the same period last year which had a median sales price of \$530,225. Average sales price followed the same trend with a 15.4% decline to \$462,680 in the current quarter from

\$547,195 in the prior year quarter. The similarity between median sales price and average sales price suggest that the mix of sales was not influenced by outliers.

NORTHWEST

Price indicators mixed as number of sales declined

Price trends mixed, skewed by higher end

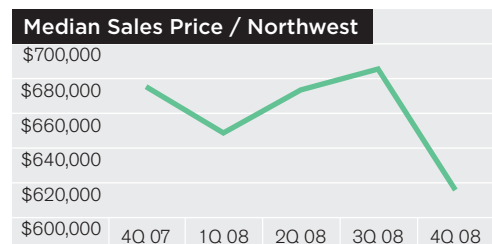
The median sales price of a property this period was \$615,012, down 8.9% from the median sales price of \$675,000 in the prior year quarter. However, average sales price increased 1.4% over the same period to \$786,789 from \$775,571 in the prior year quarter. There was an upward skew in average sales price as evidenced by the 3.5% increase in median sales price of the top quintile to \$1,397,500 from \$1,350,000 largely due to the rise in median sales price of Brownstones. The entry level or first quintile also experienced an increase in median sales price, rising 2.6% to \$340,000 over the same period. The second,

third and fourth quintiles declined 5%, 8.6% and 7.3% respectively.

The decline in number of sales continued this quarter The number of sales in the quarter totaled 396, down 41.6% from 678 in the same

period last year. Condos comprised 49% of all sales this quarter while co-ops and 1-3 family properties had a 35.9% and 15.2% market share, respectively. The region accounted for 21.5% of all sales activity in the borough.

Northwest Brooklyn Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$786,789	0.1%	\$786,189	1.4%	\$775,571
Median Sales Price	\$615,012	-6.6%	\$658,250	-8.9%	\$675,000
Number of Sales	396	-23.3%	516	-41.6%	678



Quintiles / Median Sales Price by No. of Sales / Northwest	Current Qtr	% Chg Prior Year Qtr
5/5	\$1,397,500	3.5%
4/5	\$816,791	-7.3%
3/5	\$617,000	-8.6%
2/5	\$475,000	-5%
1/5	\$340,000	2.6%

BROWNSTONE

Price indicators jumped as number of sales declined

All price indicators showed significant increases

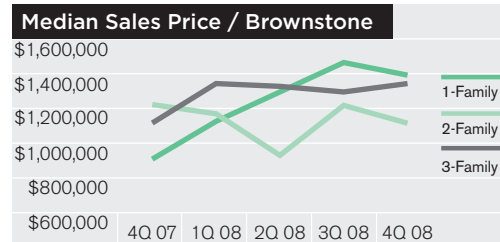
The median sales price of a Brownstone property was \$1,287,500 this quarter, up 12% from the prior year quarter median sales price of \$1,150,000. The average price per square foot was \$623 for the quarter, up 21% from the \$515 price per square foot in the same period last year. Average sales price was \$1,640,645, 31.9% higher than the same period a year ago when the indicator was \$1,244,049. 1-family properties had the highest median sales price of the quarter at \$1,400,000 followed by 3-family properties with a median sales price

of \$1,350,000 and 2-family properties with a median sales price of \$1,114,000.

Number of sales declined as average size increased

The average square footage of a 1-3 family property was 2,633 square feet, up 9% from the 2,416 square foot average size in the prior year quarter. This increase accounts for a portion of the increase in all three price indicators. There were 60 sales in the quarter, down 36.2% from the 94 sales of the same period last year.

Note: This sub-category is the analysis of 1-3 family sales that are already included within the Northwest Brooklyn market section.



Brownstone Brooklyn Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr	
Average Sales Price	\$1,640,645	7.5%	\$1,525,799	31.9%	\$1,244,049	
Average Price per Square Price	\$623	3.7%	\$601	21%	\$515	
Median Sales Price	All	\$1,287,500	-1.9%	\$1,312,500	12%	\$1,150,000
	1-Family	\$1,400,000	-5.1%	\$1,475,000	55.6%	\$900,000
	2-Family	\$1,114,000	-8.7%	\$1,220,000	-9.1%	\$1,225,000
	3-Family	\$1,350,000	3.8%	\$1,300,000	21.1%	\$1,115,000
Number of Sales	60	-14.3%	70	-36.2%	94	

NEIGHBORHOODS OF BROOKLYN

NORTH BROOKLYN

- Greenpoint
- Navy Yard
- Williamsburg-Central
- Williamsburg-East
- Williamsburg-North
- Williamsburg-South

NORTHWEST BROOKLYN

- Northwest Brooklyn
- "Brownstone Brooklyn"
- Boerum Hill
- Brooklyn Heights
- Carroll Gardens
- Clinton Hill
- Cobble Hill
- Cobble Hill-West
- Downtown-Fulton Ferry

- Downtown-Fulton Mall
- Downtown-Metrotech
- Fort Greene
- Gowanus
- Park Slope
- Park Slope South
- Prospect Heights
- Red Hook
- Windsor Terrace

SOUTH BROOKLYN

- Bath Beach
- Bay Ridge
- Bensonhurst
- Bergen Beach
- Borough Park
- Brighton Beach
- Bush Terminal
- Canarsie
- Coney Island
- Dyker Heights

- Flatbush-Central
- Flatbush-East
- Flatbush-Lefferts
- Garden
- Flatbush-North
- Flatlands
- Gerritsen Beach
- Gravesend
- Kensington
- Madison

- Manhattan Beach
- Marine Park
- Midwood
- Mill Basin
- Ocean Parkway-North
- Ocean Parkway-South
- Old Mill Basin
- Seagate
- Sheepshead Bay
- Sunset Park

EAST BROOKLYN

- Bedford Stuyvesant
- Brownsville
- Bushwick
- Crown Heights
- Cypress Hills
- East New York
- Ocean Hill
- Wyckoff Heights

© 2009 Prudential Douglas Elliman and Miller Samuel Inc. All worldwide rights reserved.

PRUDENTIAL DOUGLAS ELLIMAN
REAL ESTATE
575 Madison Avenue
New York, NY 10022
212.891.7000
prudentialelliman.com

MILLER SAMUEL INC.
REAL ESTATE APPRAISERS
21 West 38th Street
New York, NY 10018
212.768.8100
millersamuel.com

BROOKLYN SALES AND RENTALS 156 Montague St. 718.780.8100 ■ 189 Court St. 718.522.2929 ■ 299 Bedford Ave. (150 South 1st St.) 718.486.4400 ■ 154 Seventh Ave. 718.840.2000 RELOCATION 485 Madison Ave. 212.891.HOME

For more information or electronic copies of this report please visit prudentialelliman.com. Email report author Jonathan J. Miller at jmillersamuel.com with questions or comments. Report methodology: <http://www.millersamuel.com/reports/methodology.php>

©2009. An independently owned and operated member of the Prudential Real Estate Affiliates, Inc. is a service mark of Prudential Insurance Company of America. Equal Housing Opportunity. All material presented herein is intended for information purposes only. While this information is believed to be correct, it is represented subject to errors, omissions, changes or withdrawal without notice. All property outlines and square footage in property listings are approximate.