

We are pleased to provide you with the highlights of this quarter's Manhattan Market Overview, an analysis of the closed sales for the entire island provided by an independent third party. Please click here for the complete report of this quarter's results or visit www.prudentialelliman.com.



 Prudential Douglas Elliman Real Estate

MANHATTAN

Market Overview

4Q08

HIGHLIGHTS

The fourth quarter of 2008 brought some significant changes to the Manhattan residential housing market. In September 2008, bailouts of Fanny Mae and Freddie Mac as well as insurance giant AIG, coupled with the bankruptcy of Lehman Brothers had marked changes to the Manhattan as well as US housing markets, which showed an overall reduction in prices while inventory and marketing times continued to expand.

Key points (re-sale v. new development) Re-sales reflect the current market while new development tends to reflect conditions 12-18 months ago.

- The median sales price was \$900,000 a 5.9% increase from this time last year (includes re-sales and new development). Specifically:
 - The median sales price of a re-sale property was down 3.6% to \$732,500 compared to the same period last year – this most reflects the changing market conditions.
- The number of sales declined 9.4% from the prior year quarter to 2,282.
 - The number of re-sales declined 24.8% to 1,408 apartments compared to the same period last year.

Additional Manhattan Statistics:

The remaining indicators were indicative of the overall housing market. There were significant increases to inventory, marketing time and discount from list price.

- The average sales price of a Manhattan apartment was \$1,485,102 up 3.1% year over year. However this gain was caused by an increase in closings of new developments properties, which generally are more expensive.
- The average price per square foot reached \$1,183 or 0.3% above the fourth quarter of 2007
- Listing inventory increased 39.3% compared to the same period last year to 9,081 units.
- The average days on market was 159 days, 28 days longer than the 131 days of the prior year quarter.
- The listing discount increased to 7.3% from a discount of 2.7% in the prior year quarter.

CO-OP MARKET

The median sales price of a Manhattan co-op apartment was equal to the number seen at this time last year of \$675,000.

The average sales price rose 6.2% to \$1,213,382 since last year, however this is due to a shift in market share of apartment sizes.

Inventory continued to rise this quarter to 3,808 units available

at the end of the quarter, 52.2% above the prior year quarter. The number of sales dropped 23.4% to 985 units from the fourth quarter of 2007.

CONDO MARKET

Like the previous quarter the surge of new development closings eased and the gains seen in previous quarters have evaporated which have affected the overall results of the condo market. New development inventory is also expected to drop significantly in 2009 as the credit contraction has eliminated new condo development financing since the third quarter of 2007.

Median sales price was \$1,120,075 this quarter, 1.8% above the prior year quarter median sales price of \$1,100,000, however 8.2% below the prior quarter results.

There were 1,297 condo sales an increase of 5.3% from the 1,232 sales of the prior year quarter and 0.7% below the prior quarter.

The discount from list price increased significantly to 9.4% from 2.9% at this time last year. This is a result of increased inventory with less demand.

LUXURY MARKET

(upper 10% of all co-op & condo sales)

The median sales price of a luxury apartment was \$4,132,516, 3.9% below this time last year; however it remains 2.7% above the previous quarter results of \$4,022,087.

Average sales price and price per square foot also contracted from this time last year at 3.2% and 4.1% respectively.

Days on market and discount from list price were 169 days and 7.5% in the fourth quarter. Both are significantly higher than the prior year quarter of 117 and 1.8% respectively.

LOFT MARKET

(co-op and condo sales)

Median sales price reached a record \$2,050,000 this quarter, up 41.9% over the prior year quarter median sales price of \$1,445,000. This is mainly due to a shift in apartment size. The average size has increased 17% to 1,865 sq. ft. from 1,594 sq. ft. in the fourth quarter of 2007.

Price per square foot dropped 1.7% from the prior year quarter to \$1,268, however it remained the most stable of all of the sub-markets reported.