

LONG ISLAND QUEENS



Market Overview

A Quarterly Survey of Long Island and Queens Sales

[The Hamptons and the North Fork reported separately]

4Q 06

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

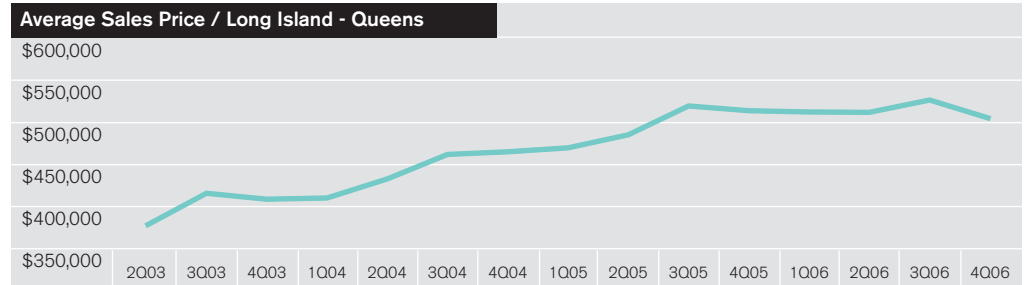
Prices flat as number of sales increase and inventory declines

Prices slip from prior quarter records The average sales price of a residential property on Long Island, including Queens was \$502,163, down 1.8% over the prior year quarter average sales price of \$511,397 and down 4.2% from the record prior quarter average sales price of \$524,073. Median sales price for the quarter was \$439,000, up 0.5% from the \$437,000 median sales price seen in the prior year quarter but down 3.5% from the record set in the prior quarter median sales price of \$455,000.

Inventory levels and number of sales dropped After bottoming out in the 4th quarter of 2004 at 13,398 units, listing inventory proceeded to increase 151%, peaking in the third quarter of 2006 at 33,632 units. Inventory dropped 18.4% in the fourth quarter to 27,446 following a similar pattern seen over the past two years. The recent phenomenon of declining inventory appears consistent with both Manhattan and national housing trends. Numbers of sellers who were looking to cash out of the market in 2005, but set unrealistically high asking prices, are beginning to drop out of the market. However, overall price levels have generally held. Another reason for the decline in inventory has been the increase in the number of sales. There were 8,433 sales this quarter, up 5.1% from the prior year quarter total of 8,026 sales. However the 14.1% drop from the 9,821 sales in the prior quarter is more indicative of a seasonal trend since the prior year quarter transition from the preceding quarter was -13.4%.

Days on market and listing discount expanded It took an average of 95 days to sell

Long Island / Queens Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$502,163	-4.2%	\$524,073	-1.8%	\$511,397
Median Sales Price	\$439,000	-3.5%	\$455,000	0.5%	\$437,000
Number of Sales	8,433	-14.1%	9,821	5.1%	8,026
Days on Market (from Last List Date)	95	14.5%	83	30.1%	73
Listing Discount (from Last List Price)	5%		4.5%		3.3%
Listing Inventory	27,446	-18.4%	33,632	29.5%	21,201



a property based on the last time the list price was modified, if ever. This indicator is measured from the last date the list price was changed to the contract date. This is more than three weeks longer than the same period last year, when this indicator was 73 days. Last year at this time, this market indicator only increased 6 days. The expansion of the days on market indicator closely correlates with the expansion of inventory levels by 29.5% over the prior year quarter. The greater the housing choices presented to buyers, the lower their sense of urgency to make a decision and therefore the longer it takes to sell a property. As days on market expanded, so did the average listing discount. This indicator is measured by the difference between the last list price before the property went to contract, and the contract price. In the current quarter, the average listing discount was 5%, up from 3.3% in the prior year quarter. The expansion of this indicator was also

significantly influenced by the rise in inventory levels over the past year.

Sellers looking to cash-out, lose interest as market remains stable Sales prices in the overall market remained relatively stable, kept in check by rising demand and declining inventory. With the cash-out phenomenon waning as existing homeowners, who were not priced at market levels allowed their listings to expire. Sellers appeared to be more negotiable this quarter as the listing discount increased at the same time the number of sales did. Lower end price points like the condo market were generally stable, but there was weakness in price levels at the upper end of the market, as evidenced by the North Shore and luxury sectors, which saw lower prices at the upper strata, but at the same time some of the highest increases in the number of sales over the past year.

QUEENS MARKET

Borough showed most strength in the report

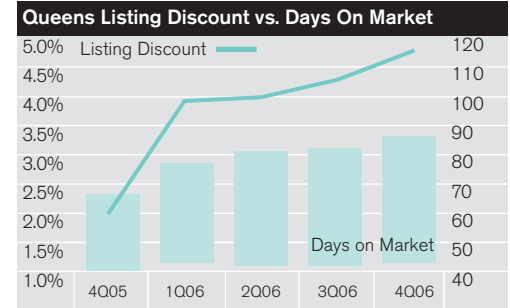
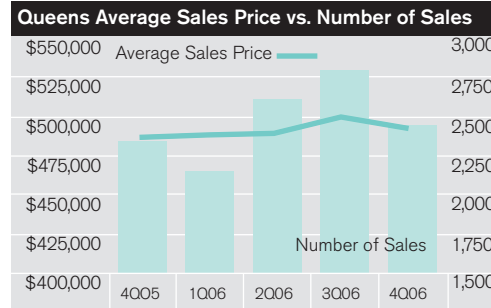
Price indicators showed gains over same period last year

Average sales price for the Queens market was \$492,117 this quarter, up 1.2% from the prior year quarter average sales price of \$486,388, but down 1.5% from the \$499,388 record set in the prior quarter. Median sales price saw a similar pattern. This indicator was \$485,000 in the current quarter, up 4.3% over the prior year quarter median sales price of \$465,000, but down 3% from the record \$500,000 median sales price set in the prior quarter. The quintiles suggest price growth in all segments except for the upper 20% of all sales as compared to the prior year quarter.

The number of sales increased as listing inventory contracted

The number of sales increased 4.4% to 2,438 units from the prior year quarter total of 2,336 units. This helped erode inventory levels in the current quarter. There were 8,186 units available for sale, up 25.5% from the prior year quarter total of 6,522 units, but down 17.5% from the prior quarter total of 9,925 units. The inventory growth over

Queens Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$492,117	-1.5%	\$499,388	1.2%	\$486,388
Median Sales Price	\$485,000	-3%	\$500,000	4.3%	\$465,000
Number of Sales	2,438	-12.6%	2,790	4.4%	2,336
Days on Market (from Last List Date)	83	3.8%	80	25.8%	66
Listing Discount (from Last List Price)	4.7%		4.2%		1.9%
Listing Inventory	8,186	-17.5%	9,925	25.5%	6,522



the year expanded the listing discount and days on market indicators. The difference between the last average list price and the contract price was 4.7%, more than double the prior year quarter average listing of 1.9% and also up from the 4.2% listing discount in the prior quarter. Average days on market was 83 days, more than two weeks longer than the 66 days on market average in the prior year quarter but only 3 days

Queens Quintiles / No. of Sales	Average Sales Price
5/5	\$828,854
4/5	\$611,682
3/5	\$488,928
2/5	\$353,877
1/5	\$177,205

longer than the 80 days average days on market seen in the prior quarter.

NASSAU MARKET

Price indicators drop yet number of sales jumps

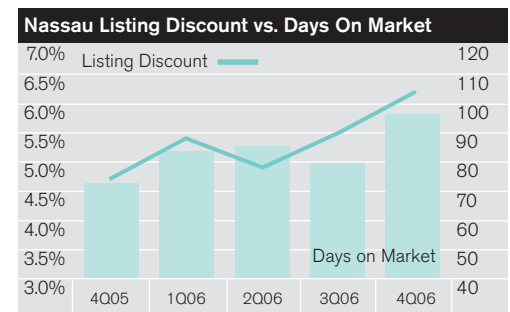
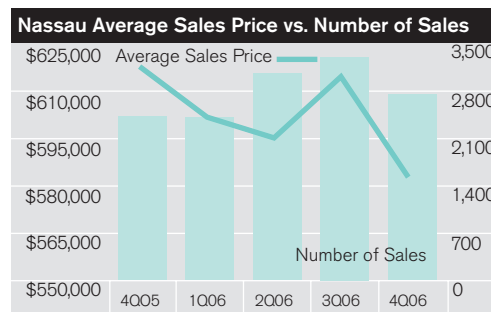
Prices slip, but weakness weighted at the upper price range

Nassau saw declines in both its price indicators, which did not occur in Queens and Suffolk. The average sales price was \$586,401, down 5.6% from the prior year quarter average sales price of \$621,445. Median sales price dropped 2.3% to \$474,000 from the \$485,000 median sales price in the prior year quarter. The more than \$100,000 difference between the median sales price and average sales price reflects the large concentration of higher priced properties in this market area. This can also be observed in the quintile analysis which shows a large difference in price levels between the 4th and 5th quintiles, the upper 20% of the market by price, than between any other quintile.

Both number of sales and listings increased

The Nassau market saw a 13.5% increase in the number of sales over the prior year, the largest market increase this quarter. There were 2,745 sales this quarter, up from 2,418 in the prior year quarter. Last year at this time Nassau was hardest hit in terms of this indicator so the increase this quarter appears exaggerated as

Nassau Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$586,401	-5.2%	\$618,388	-5.6%	\$621,445
Median Sales Price	\$474,000	-3.3%	\$490,000	-2.3%	\$485,000
Number of Sales	2,745	-17%	3,308	13.5%	2,418
Days on Market (from Last List Date)	97	21.3%	80	32.9%	73
Listing Discount (from Last List Price)	6.2%		5.5%		4.7%
Listing Inventory	7,842	-20.3%	9,844	31.8%	5,949



the market becomes more in sync with the other counties. Like the other markets in this report, listing inventory increased sharply from the prior year quarter. There were 7,842 listings available for sale, up 31.8% from the 5,949 listings in the prior year quarter. However, the absorption rate was lower than the other two major markets covered. It would take 8.6 months to sell existing inventory at the current pace of sales versus 10.1

Nassau Quintiles / No. of Sales	Average Sales Price
5/5	\$1,161,811
4/5	\$570,767
3/5	\$472,237
2/5	\$414,475
1/5	\$312,715

months and 10.5 months in Queens and Suffolk respectively.

SUFFOLK MARKET

Prices stabilize as number of sales slip

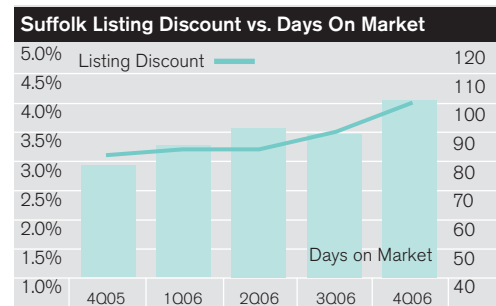
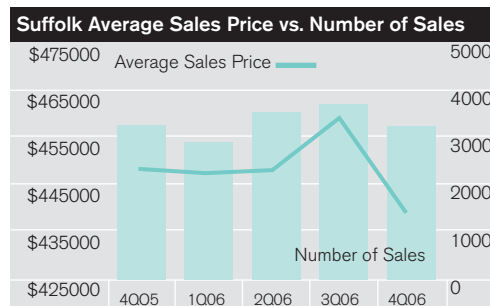
Price indicators held as days on market expanded

Median sales price for the quarter was \$390,000, unchanged from the same period last year. Average sales price slipped 2.1% to \$438,551 in the current quarter from \$447,926 in the prior year quarter. This indicator was skewed by weakness at the upper end. Prices across all quintiles remained consistent with the prior year quarter with the exception of the upper quintile, which showed a decline. The time it took to sell a property expanded by 3.5 weeks to 102 days from the 77 average days on market in the prior year quarter, the longest marketing time of the three counties covered in the study. Listing discount was 4% this quarter, expanding from the 3.1% listing discount seen in the prior year quarter, consistent with the expansion of inventory when purchasers are provided more choices.

The number of sales down nominally as inventory begins to drop

There were 3,250 sales in the current quarter, down 0.7% from the prior year quarter total of 3,272, the only county-

Suffolk Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$438,551	-4.4%	\$458,770	-2.1%	\$447,926
Median Sales Price	\$390,000	-3.9%	\$406,000	0%	\$390,000
Number of Sales	3,250	-12.7%	3,723	-0.7%	3,272
Days on Market (from Last List Date)	102	15.9%	88	32.5%	77
Listing Discount (from Last List Price)	4%		3.5%		3.1%
Listing Inventory	11,418	-17.6%	13,863	30.8%	8,730



wide drop for this indicator in the report. At the same time, listing inventory increased 30.8% to 11,418, up from 8,730 units in the prior year quarter. Like the other markets covered in this report inventory dropped sharply from the prior quarter, but still remains higher than the same period last year.

Suffolk Quintiles/No. of Sales	Average Sales Price
5/5	\$760,749
4/5	\$460,225
3/5	\$392,608
2/5	\$340,180
1/5	\$238,994

Note: The Suffolk Market includes residential sales in Suffolk county with the exception of those in The Hamptons and The North Fork which are analyzed in a separate report. Listings include all of Suffolk county.

NORTH SHORE MARKET

Prices slipped from prior quarter records as number of sales increased

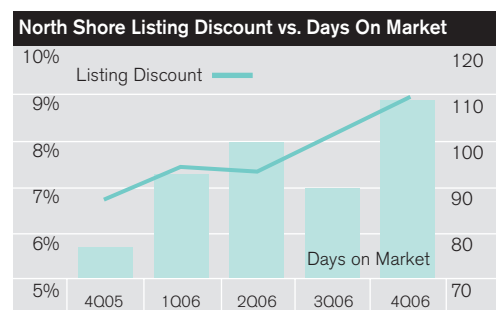
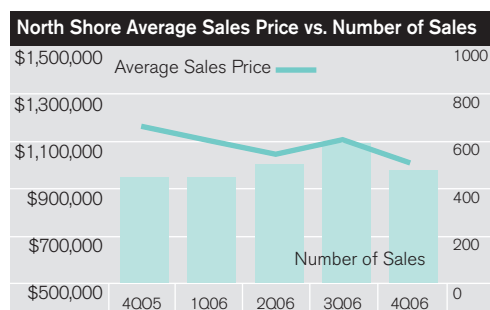
Price indicators fell as days on market expanded

The average sales price for the North Shore fell 13.4% to \$998,885 from the \$1,153,718 record set in the prior year quarter. This was the first time in a year and a half that this price indicator fell below the \$1,000,000 threshold. Median sales price saw a similar pattern, declining 7.8% to \$726,000 from the prior year median sales price of \$787,500. There were 478 sales in the current quarter, up 6.7% from the prior year quarter of 448 sales, representing 17.4% of total sales in the Nassau market.

Days on market and listing discount expanded

The days on market and listing discount indicators are generally higher in upper end markets and the North Shore market was no exception. The average days on market was 109 days this quarter, more than a month longer than the 77 days on market average in the prior

North Shore Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$998,885	-9%	\$1,097,179	-13.4%	\$1,153,718
Median Sales Price	\$726,000	-11.2%	\$818,000	-7.8%	\$787,500
Number of Sales	478	-19.4%	593	6.7%	448
Days on Market (from Last List Date)	109	21.1%	90	41.6%	77
Listing Discount (from Last List Price)	8.9%		8.1%		6.7%



year quarter. The average listing discount was 8.9% this quarter, the highest level found in the markets covered in this report. This indicator was 6.7% in the prior year quarter, and shows the consistent pattern of increases in this indicator across all markets.

N. Shore Quintiles/No. of Sales	Average Sales Price
5/5	\$2,307,841
4/5	\$1,070,640
3/5	\$724,959
2/5	\$552,434
1/5	\$334,649

Note: The North Shore Market is a submarket of Nassau County, extending from Kings Point to Laurel Hollow, North of the LIE and Route 25.

LUXURY MARKET

Prices slipped in all markets

Price indicators showed declines as market share shifts

The average sales price of a luxury property was \$1,165,087, down 8.6% from the record set in the prior year quarter of \$1,274,197. The median sales price for the quarter was \$950,000, down 1% from the prior year quarter median sales price of \$960,000. Queens showed the largest decline in average sales from the same period, at 11.8% to \$909,027. Nassau followed with a 7.8% decline to \$1,409,728 this quarter. Suffolk showed the smallest drop at 4.1% to \$1,091,829. Queens garnered an increase in market share this quarter to 34% of all luxury properties, up from 29% in the same period last year. Nassau and Suffolk lost market share over the same period at 42% and 24%, down from 43% and 28% respectively.

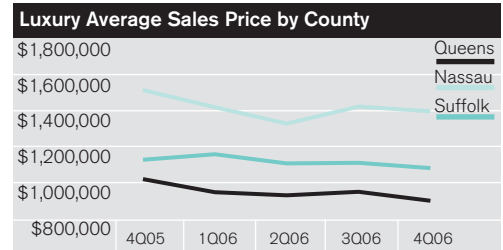
Days on market and listing discount expanded

The average days on market for

Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,165,087	-5.9%	\$1,237,741	-8.6%	\$1,274,197
Median Sales Price	\$950,000	-3.6%	\$985,000	-1%	\$960,000
Number of Sales	843	-14.1%	981	5.1%	802
Days on Market (from Last List Date)	112	21.7%	92	38.3%	81
Listing Discount (from Last List Price)	7.4%		7.4%		3.6%

Average Sales Price (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Queens	\$909,027 (34%)	-5.2%	\$959,164 (25%)	-11.8%	\$1,030,233 (29%)
Nassau	\$1,409,728 (42%)	-1.8%	\$1,436,130 (50%)	-7.8%	\$1,528,477 (43%)
Suffolk	\$1,091,829 (24%)	-2.6%	\$1,121,379 (25%)	-4.1%	\$1,138,550 (28%)

luxury properties was 112 days, about a month longer than the 81 average days on market in the prior year quarter, the highest level seen in all markets covered in this report. The average listing discount was 7.4%, more than double the 3.6% average listing discount seen in the prior year quarter.



Note: The Luxury Market is a submarket of Long Island / Queens and includes the top ten percent of all residential sales but excludes The Hamptons and The North Fork, which are analyzed in a separate report.

CONDO MARKET

Price trend indicators were again mixed by county

Overall prices slipped, Queens dominates condo market

The average sales price of a condo was \$290,510 this quarter, unchanged from the \$290,889 average sales price seen in the prior year quarter. Median sales price slipped 4% to \$240,000 from the \$250,000 median sales price in the prior year quarter. Nassau, with a 21% market share of condos saw an increase in its average sales price of \$389,766, which is 3.1% higher than the prior year quarter. Suffolk, with a 26% market share, was essentially unchanged at \$305,264. Queens, with a 53% market share, slipped 2.2% to \$243,592.

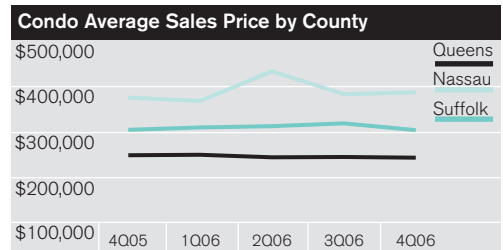
Days on market and listing discount weakened

The average time it took to sell a

Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$290,510	-2%	\$296,443	-0.1%	\$290,889
Median Sales Price	\$240,000	-5.9%	\$255,000	-4%	\$250,000
Number of Sales	1,444	-9.7%	1,599	-3.9%	1,502
Days on Market (from Last List Days)	90	8.4%	83	28.6%	70
Listing Discount (from Last List Price)	5.1%		4.5%		3.4%

Average Sales Price (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Queens	\$243,592 (53%)	-0.6%	\$245,131 (52%)	-2.2%	\$249,028 (52%)
Nassau	\$389,766 (21%)	1%	\$385,784 (22%)	3.1%	\$378,075 (20%)
Suffolk	\$305,264 (26%)	-4.7%	\$320,402 (26%)	-0.2%	\$305,929 (28%)

condo in the overall market area was 90 days, nearly three weeks longer than the 70 days on market average in the prior year quarter. The average listing discount was 5.1%, up from 3.4% in the prior year quarter.



Note: The Condo Market includes residential sales in Queens, Nassau, Suffolk counties. Suffolk condo data excludes sales in The Hamptons and The North Fork which are analyzed in a separate report.

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BRIDGEHAMPTON 2488 Main Street 631.537.5900	FLUSHING 39-09 Main Street 718.888.0909	LONG BEACH 30A West Park Avenue 516.432.3400	MILLER PLACE 275-23 Route 25A 631.474.4242	ROCKVILLE CENTRE 218A Sunrise Highway 516.763.1200	SOUTHAMPTON 70 Jobs Lane 631.283.4343	
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