

LONG ISLAND

Market Overview

A Quarterly Survey of Long Island Sales

2Q 06



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

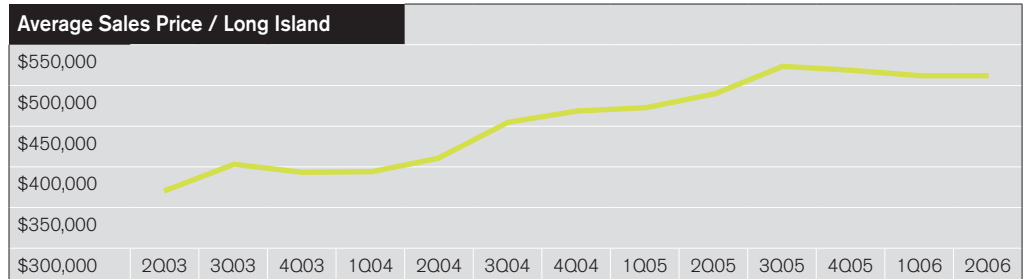
TOTAL MARKET (The Hamptons and the North Fork reported separately)

Prices slip below prior quarter record but remain above prior year quarter

Prices level off as the number of sales remains stable The average sales price of a Long Island residential property was \$509,474 in the current quarter, essentially unchanged from the prior quarter average of \$509,904 but was up 5.5% over the \$482,821 average sales price in the prior year quarter. Median sales price showed a similar pattern. The median sales price in the current quarter was \$446,250 which was 1.4% above the prior quarter median sales price of \$440,000 and 6.3% above the prior year quarter median sales price of \$420,000. The change in the number of sales this quarter as compared to the same period last year at 9,210 sales and 9,213 respectively was virtually unchanged but perhaps more than anticipated. The prior quarter had seen 7,483 sales, 5% less than the 7,880 sales in the first quarter of 2005.

Listing inventory rises as days on market expands The number of residential properties available for sale continued to expand this quarter. There were 33,141 properties available for sale at the end of the quarter, up 22.2% from 27,113 listings in the prior quarter and up 73.3% from the 19,120 listings seen in the prior year quarter. Rising inventory levels are beginning to influence the number days it takes to sell a property, although not significantly to this point. Days on market is measured by the difference between the date of the last change in the list price, if any, to the contract date. The average time it took to sell a property on Long Island this quarter was 86 days, 5 days longer than the 81 days in the prior quarter and 9 days longer than the 77 days in the prior

Long Island Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$509,474	-0.1%	\$509,904	5.5%	\$482,821
Median Sales Price	\$446,250	1.4%	\$440,000	6.3%	\$420,000
Number of Sales	9,210	23.1%	7,483	0%	9,213
Days on Market (from Last List Date)	86	6.2%	81	11.7%	77
Listing Discount (from Last List Price)	4%		4.3%		3.5%
Listing Inventory	33,141	22.2%	27,113	73.3%	19,120



year quarter. This pattern is also seen in the listing discount, which is the difference between the last list price and the sales price. A larger discount suggests more negotiability. The average listing discount was 4% this quarter which was down slightly from the 4.3% in the prior quarter but up from 3.5% during the same period last year.

Market holds firm despite rise in inventory One of the defining characteristics of late has been the increase in listing inventory, which grew sharply over the past year by 73.3%, suggesting that demand has eased, yet the number of sales has been consistent with the same period last year. Since the number of sales has been stable, the rise in inventory does not appear to be a result of declining demand. The excess inventory is attributed to a rise in the number of sellers attempting to "cash out" of the market and the addition of new development to housing stock. Demand has

remained constant, causing inventory to rise substantially. However, it still only takes a little more than a week longer to sell a property as compared to last year. The average listing discount, which is the negotiability between buyer and seller, saw limited expansion as well, increasing only slightly as compared to last year and actually falling from the level set last quarter. Perhaps most importantly, average and median sales prices saw no significant change from the prior quarter and posted single digit gains from the prior year quarter. For the time being, the market has seen little erosion from excess inventory but this will likely be determined by how much inventory enters the market in the coming months. If inventory continues to rise at its recent pace, the average days on market and listing inventory would be expected to expand and prices would begin to slip as buyers have more choices and sellers have more competition.

QUEENS MARKET

Prices above prior quarter and prior year quarter

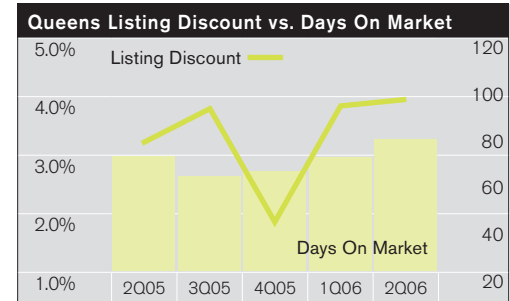
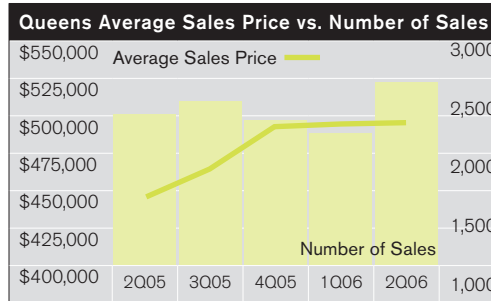
Price indicators increased from prior quarter and remained above prior year levels

The average sales price of a Queens residential property was \$488,925, up nominally from the \$487,912 average sales price seen in the prior quarter and up 9.2% from the \$447,643 in the prior year quarter. Median sales price showed a similar pattern with a gain over the prior and prior year quarters. The median sales price of a property was \$490,000, up 3.2% from the prior quarter median sales price of \$475,000 and up 11.9% from the \$438,000 median sales price in the prior year quarter. Median sales price, which is the middle number of all sales prices, was very similar to the average sales price suggesting a more balanced range of prices rather than the pattern seen in many markets, which is more weighted with higher sales prices.

Listing inventory and number of sales increased

There were 9,483 properties available for sale this quarter, up 16.3% from the 8,155 units last quarter and up 84.5% from the 5,140 units this time last year. Despite the increase in

Queens Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$488,925	0.2%	\$487,912	9.2%	\$447,643
Median Sales Price	\$490,000	3.2%	\$475,000	11.9%	\$438,000
Number of Sales	2,606	21%	2,154	9%	2,391
Days on Market (from Last List Date)	79	6.8%	74	6.8%	74
Listing Discount (from Last List Price)	3.9%		3.8%		3.3%
Listing Inventory	9,483	16.3%	8,155	84.5%	5,140



inventory, the number of sales were up over the prior quarter and the prior year quarter. There were 2,606 sales this quarter, 21% more than the 2,154 properties sold in the prior quarter and 9% more than the 2,391 properties sold in the prior year quarter. If inventory continues to rise or current inventory levels are maintained, then a reduction in the number of sales would occur as buyers explore more choices. This is the housing paradox in Queens right now: rising inventory

Queens Quintiles No. of Sales	Average Sales Price
5/5	\$815,829
4/5	\$606,026
3/5	\$491,770
2/5	\$355,890
1/5	\$174,898

levels but a stable number of sales. This suggests that new development and a surge in re-sale listing activity continues to bring inventory to the housing stock faster than it can be absorbed.

NASSAU MARKET

Prices level off, inventory rises

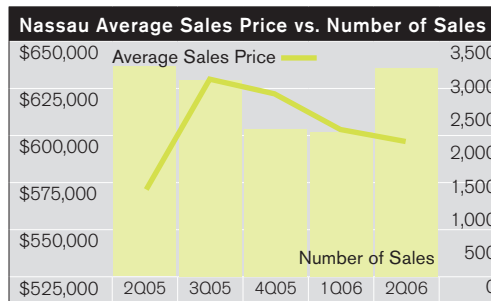
Prices stabilize but remain above prior year quarter levels

The average sales price of a Nassau County residential property was \$598,761, down 1.1% from the prior quarter average sales price of \$605,396 but up 4.8% from the \$571,549 average sales price in the prior year quarter. After a price spike in the third quarter of last year, this indicator has slipped each subsequent quarter. At the same time, median sales price showed a modest increase this quarter reaching \$482,000, up 0.4% from the prior quarter median sales price of \$480,000 and up 4.8% from the \$460,000 median sales price of the prior year quarter. The same 4.8% change from the prior year quarter, of average and median sales price, suggests that the average sales price numbers are not being skewed by a heavy mix of low or high sales.

Listing inventory continues to rise, while number of sales remains stable

There were 3,056 sales for the quarter, virtually unchanged from the 3,059 in the prior year quarter. The

Nassau Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$598,761	-1.1%	\$605,396	4.8%	\$571,549
Median Sales Price	\$482,000	0.4%	\$480,000	4.8%	\$460,000
Number of Sales	3,056	26.5%	2,415	-0.1%	3,059
Days on Market (from Last List Date)	86	2.4%	84	11.7	77
Listing Discount (from Last List Price)	4.9%		5.4%		4.3%
Listing Inventory	9,934	27.6%	7,783	75.5%	5,662



number of sales this quarter was up 26.5% from the prior quarter total of 2,415 units. However, the second and third quarters of the year tend to have more sales activity than the first and fourth quarters. Therefore comparisons to the prior quarter are attributable to seasonal changes and not an unusual surge in demand. Inventory has been trending up for the last year reaching 9,934 units this quarter, up 27.6% over the prior quarter

Nassau Quintiles No. of Sales	Average Sales Price
5/5	\$1,177,661
4/5	\$589,319
3/5	\$484,175
2/5	\$424,787
1/5	\$318,378

total of 7,783 units and up 75.5% over the 5,662 units available for sale at this time last year.

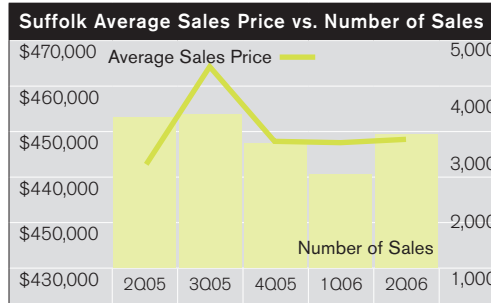
SUFFOLK MARKET

Price indicators stabilized as number of sales slipped

Price levels up slightly from prior year while number of sales declined The average sales price of a residential property in Suffolk County was \$447,661 this quarter, essentially unchanged from the prior quarter average sales price of \$447,019 and up 3.4% from the prior year quarter average sales price of \$433,045. Median sales price behaved in a similar manner rising nominally to \$395,000 this quarter from the prior quarter median sales price of \$392,000 and up 5.3% from the \$375,000 median sales price seen in the prior year quarter. Suffolk was the only county on Long Island to show a measurable decline in the number of sales as compared to the prior year quarter. There were 3,548 sales this quarter, 5.7% less than the 3,763 sales that occurred in the prior year quarter. The 21.8% increase in the number of sales from the prior quarter reflects seasonal trends.

Days on market and inventory expanded The average days on market expanded 6 days to 90 days from 84 days in the prior quarter and ex-

Suffolk Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$447,661	0.1%	\$447,019	3.4%	\$433,045
Median Sales Price	\$395,000	0.8%	\$392,000	5.3%	\$375,000
Number of Sales	3,548	21.8%	2,914	-5.7%	3,763
Days on Market (from Last List Date)	90	7.1%	84	12.5%	80
Listing Discount (from Last List Price)	3.2%		3.2%		2.7%
Listing Inventory	13,724	22.8%	11,175	65%	8,318



panded 10 days from the prior year quarter total of 80 days. The expansion reflects more choices available to purchasers as inventory has risen. Listing inventory reached 13,724 units this quarter, up 22.8% over the 11,175 units in the prior quarter and up 65% over the 8,318 units in the prior year quarter. However, the listing discount has stabilized at 3.2%, unchanged from the prior quarter.

Suffolk Quintiles No. of Sales	Average Sales Price
5/5	\$782,469
4/5	\$470,523
3/5	\$396,018
2/5	\$303,852
1/5	\$243,364

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

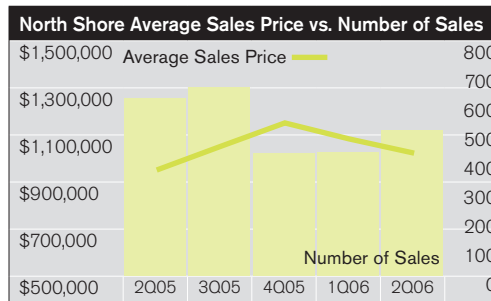
NORTH SHORE MARKET

Price slipped this quarter, but remained above the prior year quarter

Prices weakened from prior quarter due to a shift in mix The North Shore market average sales price was \$1,035,146 this quarter, down 5.3% from the prior quarter average sales price of \$1,093,492 and up 10.4% from the prior year quarter average sales price of \$937,409. Median sales price remained stable as compared to the prior quarter. The median sales price was \$784,500 which was up nominally from the prior quarter median sales price of \$782,500 and up 9.7% from the prior year median sales price of \$715,000. The difference in the two indicators compared to the prior quarter suggests a shift in the mix of what actually sold. This is evidenced by the difference in the average sales price of the top quintile, which was lower this quarter at \$2,247,391, than the prior quarter average sales price in the same quintile which was \$2,575,111.

Number of sales slipped as days on market expanded There were 504 sales this quarter,

North Shore Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,035,146	-5.3%	\$1,093,492	10.4%	\$937,409
Median Sales Price	\$784,500	0.3%	\$782,500	9.7%	\$715,000
Number of Sales	504	12.2%	449	-19%	622
Days on Market (from Last List Date)	100	7.5%	93	6.4%	94
Listing Discount (from Last List Price)	7.3%		7.4%		5.9%



down 19% from the prior year quarter total of 622 sales. This is consistent with the modest expansion in the average days on market to 100 days this quarter up from 94 days during the same period last year. The North Shore, as an upper end submarket of Nassau County, typically experiences longer marketing times than the overall county, consistent with other market areas.

N. Shore Quintiles No. of Sales	Average Sales Price
5/5	\$2,247,391
4/5	\$1,223,069
3/5	\$800,100
2/5	\$581,733
1/5	\$321,109

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

Price indicators were up from prior year

Prices leveled off but remain above prior year quarter The average sales price of a luxury property this quarter was \$1,179,253, down 4.5% from the prior quarter average sales price of \$1,234,749 but 2.6% above the \$1,149,138 average sales price at this time last year. Median sales price was \$950,000, unchanged from the prior quarter and up 5% from the prior year quarter median sales price of \$905,000.

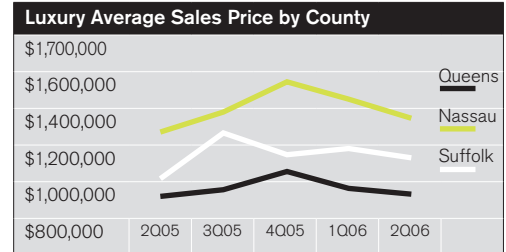
Price trends were consistent by county The county with the highest average sales price was Nassau at \$1,340,944, influenced by the North Shore with 30% of all luxury sales. Suffolk County, excluding the Hamptons and the North Fork, follows with an average sales price of \$1,118,131 and Queens with an average sales

Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,179,253	-4.5%	\$1,234,749	2.6%	\$1,149,138
Median Sales Price	\$950,000	0%	\$950,000	5%	\$905,000
Number of Sales	921	23.1%	748	0%	921
Days on Market (from Last List Date)	97	0%	97	4.3%	93
Listing Discount (from Last List Price)	5.9%		6.1%		5.2%

Average Sales Price (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Queens	\$939,547 (25%)	-1.8%	\$956,900 (27%)	3%	\$911,831 (21%)
Nassau	\$1,340,944 (48%)	-6.4%	\$1,432,788 (47%)	4.8%	\$1,279,278 (50%)
Suffolk	\$1,118,131 (27%)	-4.4%	\$1,169,371 (26%)	1.8%	\$1,097,992 (29%)

price of \$939,547. The average sales price for each county slipped from the prior quarter but remained above the prior year quarter. Nassau represents 48% of all luxury sales, followed by 27% for Suffolk and 25% for Queens.

Note: The Luxury Market is a submarket of Long Island 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 indicators were above prior year

Price indicators were above the prior and prior year quarter The average sales price of a Long Island condo was \$306,300 this quarter, up 4.4% over the prior quarter average sales price of \$293,469 and 6.9% above the \$286,496 average sales price at this time last year. Median sales price was essentially unchanged at \$249,500 as compared to the prior quarter but was up 8.5% from the prior year quarter.

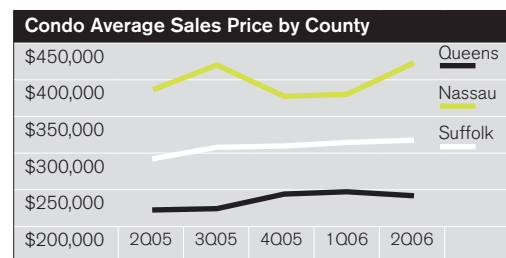
Nassau showed the greatest gains in prices over the past year The Nassau condo market showed the largest increase in average sales price over the past year. The average sales price was \$436,910, up 13.9% from the \$384,940 average sales price in the prior year quarter. Condo market share for Queens, the largest

Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$306,300	4.4%	\$293,469	6.9%	\$286,496
Median Sales Price	\$249,500	-0.2%	\$250,000	8.5%	\$230,000
Number of Sales	1,596	29.2%	1,235	8.2%	1,475
Days on Market (from Last List Days)	85	13.3%	75	10.4%	77
Listing Discount (from Last List Price)	3.9%		4%		21%

Average Sales Price (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Queens	\$244,411 (50%)	-2.3%	\$250,091 (51%)	10%	\$222,249 (44%)
Nassau	\$436,910 (22%)	17.9%	\$370,562 (22%)	13.5%	\$384,940 (27%)
Suffolk	\$314,141 (28%)	0.9%	\$311,294 (27%)	7%	\$293,562 (29%)

condo market in Long Island was 50%, up from 44% in the same period last year. Nassau and Suffolk held a 22% and 27% market share in the current quarter respectively.

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



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