

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

4Q 09



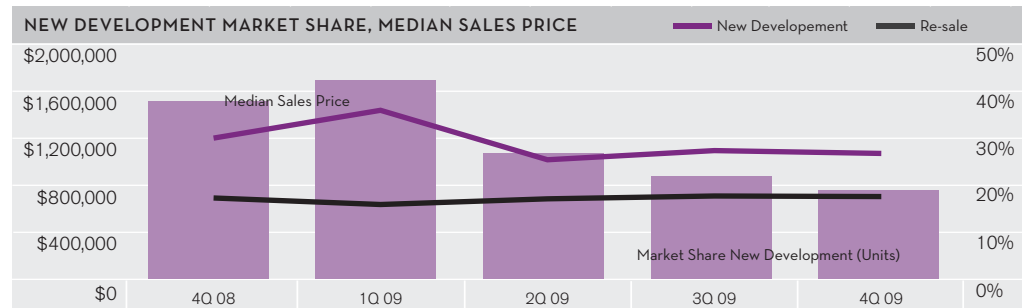
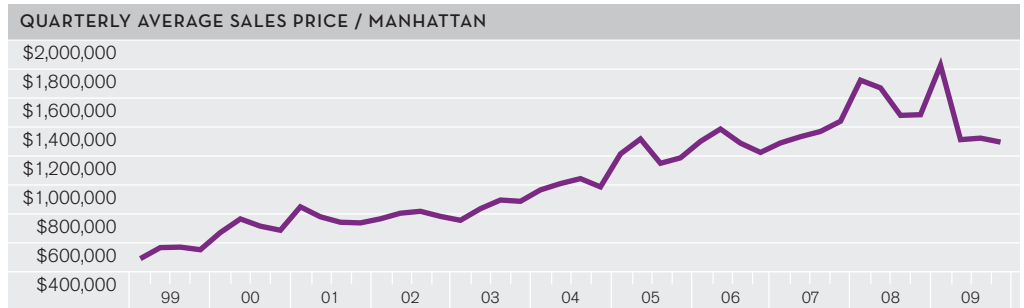
Prepared by Miller Samuel Inc.
Appraisal and consulting services covering
the New York City metropolitan area

Number of sales above prior year as price indicators continued to slip

The number of sales increased over the prior year quarter as inventory fell There were 2,473 sales in the current quarter, up 8.4% from the 2,282 sales in the prior year quarter and up 10.9% from the prior quarter. This level of activity was more than twice the 1,195 sales seen in the first quarter of 2009, which had been lowest level of sales in nearly 15 years. The return to more normal historical levels of sales activity was also reflected in the decline in inventory levels. There were 6,851 active listings at the end of the quarter, a 24.6% decline from 9,081 listings in the same period a year ago, but down 18.3% from 8,389 listings in the prior quarter. The seasonal average decline in the number of listings from the third quarter to fourth quarter over the last decade with the exception of 2008 was -3.4%. Therefore the 18.3% decline in listings was considered atypical. Excess inventory was worked off by the surge in summer and fall sales activity, ordinarily seen during the spring market. This drop in the number of listings was also compounded by the seasonal trend of sellers withdrawing listings over the end of year holiday season and re-listing in the New Year. This decline in listing inventory does not include the "shadow inventory" of stalled new development projects, which is estimated to be in excess of 6,000 units.

Pace of decline in price indicators continued to ease Despite the sharp decline in listing inventory, price indicators continue to show

MANHATTAN MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,296,156	-2.1%	\$1,323,462	-12.7%	\$1,485,102
Average Price per Square Foot	\$1,176	18.1%	\$996	-0.6%	\$1,183
Median Sales Price	\$810,000	-4.7%	\$850,000	-10%	\$900,000
New Development	\$1,125,000	-2.2%	\$1,150,000	-10.7%	\$1,260,000
Re-Sale	\$745,000	-0.7%	\$750,000	1.7%	\$732,500
Number of Sales	2,473	10.9%	2,230	8.4%	2,282
Days on Market (from Last List Date)	204	22%	167	28.3%	159
Listing Discount (from Last List Price)	12.8%		7.6%		7.3%
Listing Inventory	6,851	-18.3%	8,389	-24.6%	9,081



weakness. The median sales price of a Manhattan apartment was \$810,000 in the fourth quarter, 10% below \$900,000 in the prior year quarter and 4.7% below the \$850,000 in the prior

quarter. Average sales price followed a similar pattern, falling 12.7% to \$1,296,156 in the prior year quarter and down 2.1% from \$1,323,462 in the prior quarter. However the price per square

foot indicator continues to be more volatile than the other two benchmarks as the shift in unit mix influences the results. The price per square foot for Manhattan averaged \$1,176 in the current quarter, down a nominal 0.6% from \$1,183 per square foot in the prior year quarter, but jumped 18.1% from \$996 in the prior quarter. Entry-level apartments, namely studio and 1-bedroom units, garnered a 58% market share in the fourth quarter compared 53% in the prior year quarter. This market segment also saw the lowest year over year decline in quarterly median sales prices as compared to the remainder of the market.

Despite increase in activity, properties took longer to sell The average days on market was 204 days in the fourth quarter, up 28.3% from the prior year quarter average of 159 days and jumped 22% from 167 days in the prior quarter. Since this metric is based on closed sales, it includes properties that entered the market in the first half of 2009 that languished until the number of sales surged in the third quarter. The jump in marketing time from the third quarter was consistent with the sharp decline in listings over the same period and increased sales activity causing older inventory to be absorbed. Listing discount increased to 12.8% in the fourth quarter from 7.3% in the prior year quarter and from 7.6% in the prior quarter.

The end of a decade. The beginning of a new market. The second half of the 2009 Manhattan housing market reflected a new era, marked by the milestone Lehman Brothers Bankruptcy tipping point of September 15, 2008. Buyers, sellers and real estate professionals have slowly adopted to changes including stringent, if not irrational mortgage underwriting, elevated unemployment and layoffs, lower compensation, a sharp price correction, shadow inventory, first time home buyers tax credit, rising foreclosures, declining appraisal quality, expanding marketing times and a host of other challenges. While the increased level of sales in the second half of 2009 was encouraging, a true housing recovery will be marked by a meaningful decline in unemployment and greater consumer access to credit.

CO-OP market

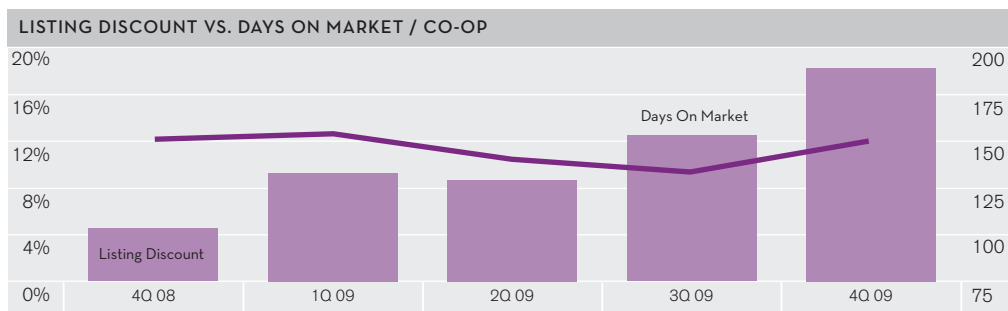
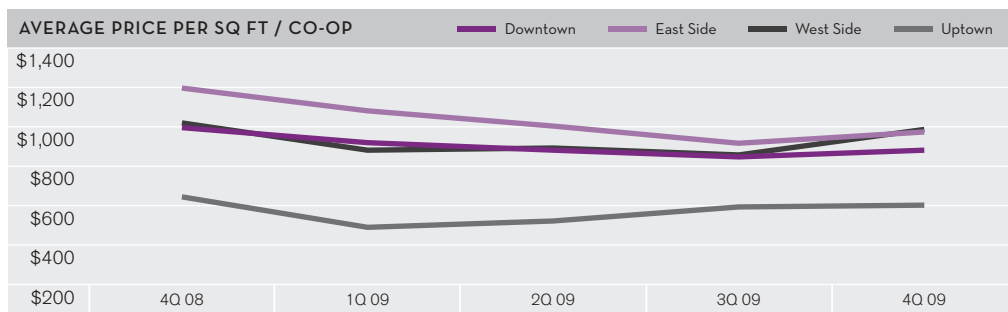
Price indicators mixed as number of sales jumped

Price indicators fell from prior year quarter, but “sideways” from prior quarter The median sales price of a Manhattan co-op was \$630,000, down 6.7% from the prior year quarter result of \$675,000 and unchanged from the prior quarter. The pace of decline in the year over year change in median sales price has eased for the third consecutive quarter from the first quarter peak of -21.9%. The average sales price was \$975,049 in the first quarter, down 19.6% from the prior year quarter average sales price of \$1,213,382 and down 3.1% from \$1,005,744 in the prior quarter. This is the first time this price indicator has fallen below \$1,000,000 since the third quarter of 2005. Price per square foot was \$921, down 13% from \$1,059 in the prior year quarter, but up 6.4% from \$866 in the prior quarter. A decline in year over year quarterly median sales price occurred in all apartment size categories. There were 8.5%

and 8.4% declines in the studio and 1-bedroom markets respectively and double digit declines in the 2, 3 and 4-bedroom markets.

Number of sales jumped as inventory declined

There were 1,264 co-op sales in the fourth quarter, surging 28.3% from 985 sales in the prior year quarter and 27% above 995 sales in the prior quarter. This level of sales is more than three times the 414 sales of the first quarter of 2009, considered the low point in activity after the market tipping point in the fall of 2008. The number of sales is now consistent with the 10 year quarterly average of 1,270 sales. The robust level of sales in the fourth quarter relative to the first half of 2009 served to diminish the level of inventory on the market. There were 3,069 co-op apartments on the market at the end of the fourth quarter, 19.4% below the 3,808 listings in the same period a year ago and down 20.1% from the prior quarter total of 3,840 listings. The combination of lower inventory and the higher number of sales caused the monthly absorption rate to fall to 7.3 months, the lowest level in two years. Co-op sales represented 51.1%



CO-OP MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$975,049	-3.1%	\$1,005,744	-19.6%	\$1,213,382
Average Price per Square Foot	\$921	6.4%	\$866	-13%	\$1,059
Median Sales Price	\$630,000	0%	\$630,000	-6.7%	\$675,000
Number of Sales	1,264	27%	995	28.3%	985
Days on Market (from Last List Date)	151	12.7%	134	-0.7%	152
Listing Discount (from Last List Price)	18.3%		12.5%		4.5%
Listing Inventory	3,069	-20.1%	3,840	-19.4%	3,808

CO-OP APARTMENT MIX	% of Total	Median Price
Studio	23%	\$350,000
1 bedroom	42%	\$591,000
2 bedroom	22%	\$1,130,000
3 bedroom	11%	\$1,950,000
4+ bedroom	2%	\$4,425,000

of all apartment sales in the fourth quarter, up from 43.2% in the same period last year. This is a significant change from the same period a decade ago when the market share of co-op sales was 68.5%. Co-op inventory was 44.8% of all apartment listings excluding shadow inventory. Of total co-op inventory, 97.3% were considered re-sale listings and 2.7% were comprised of new development cond-ops—co-op apartments with condo rules.

Days on market expanded as listing discount jumped The average days on market was 151 days, down nominally from 152 days in the prior year quarter, but 17 days longer than 134 days in the prior quarter. Listing discount continues to expand, reaching 18.3% as compared to 4.5% in the prior year quarter and 12.5% in the prior quarter. The combination of declining inventory and rising number of sales suggests that that remaining listings required larger discounts to reach current market levels as buyers continue to control the market.

CONDO *market*

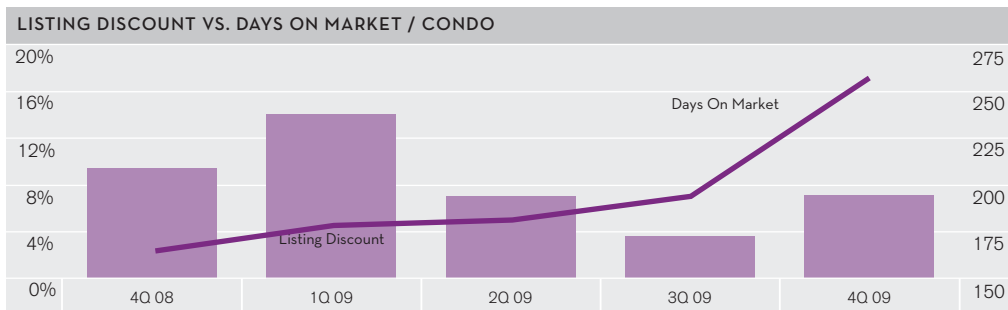
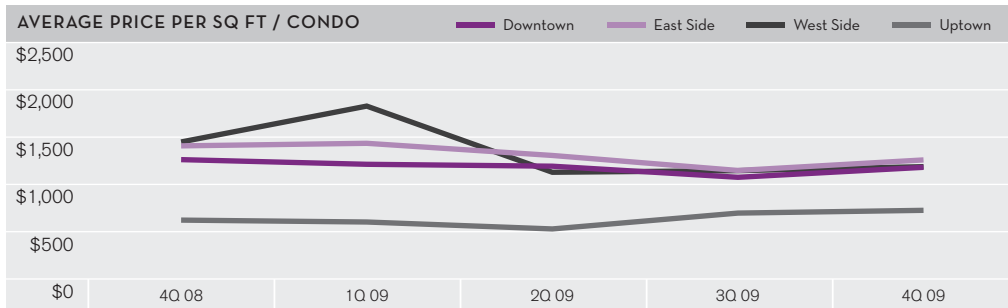
Price indicators mixed and listing inventory dropped

Listing inventory fell sharply as number of sales slipped Condos represented 55.2% of all apartment listings in the fourth quarter, consistent with each of the quarterly results of the past three years. There were 3,782 re-sales and new development condo units on the market at the end of the fourth quarter, 28.3% below the 5,273 units in the same period last year and 16.9% below the prior quarter total of 4,549. Of the condos listed for sale, 47.4% or 1,793 units were new development listings and 52.6% or 1,989 units were re-sale listings. The new development market share does not include “shadow inventory” which is estimated to be more than 6,000 units. There were 1,209 condo sales this quarter, down 6.8% from 1,297 units in the same period last year and down 2.1% from 1,235 units in the prior quarter. When breaking down market share by re-sale and new development

sales, re-sale unit sales increased 53.6% over the same period last year and new-development unit sales fell 44.4% over the same period. The declining trend in new development closings reflect the constraints applied by lenders for consumer mortgages in new projects.

Price indicators from prior year quarter declined, change from prior quarter was mixed The median sales price of a Manhattan condo was \$995,000 in the fourth quarter, down 11.2% from \$1,120,075 in the prior year quarter and down 2% from \$1,015,124 in the prior quarter. This is the lowest result for this price indicator in approximately three years. Average sales price was \$1,631,872 in the fourth quarter, down 3.5% from \$1,691,459 in the same period last year, but up 3.3% from \$1,579,438 in the prior quarter. Price per square foot followed a similar pattern, falling 7% to \$1,187 from \$1,277 per square foot in the prior year quarter and rising 7.8% from \$1,101 in the prior quarter. Median sales price by apartment size saw double digit declines in all categories as compared to the same period last year with the exception of the 1-bedroom market, posting a 2.1% decline. All segments were either unchanged or higher than the median sales price of the prior quarter.

Days on market jumped while listing discount showed mixed results The days on market for condos was 259 days, more than three months longer than the 164 days in the prior year quarter and more than two months longer than the 194 days of the prior quarter. The sharp increase in this metric is attributable to disparity between the 454 days on market for active new development units and 167 days on market for re-sale units, consistent with the 151 days on market for co-op apartments. The average listing discount was 7.1% in the fourth quarter, down from 9.4% in the prior year quarter and up from 3.6% in the prior quarter.



CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,631,872	3.3%	\$1,579,438	-3.5%	\$1,691,459
Average Price per Square Foot	\$1,187	7.8%	\$1,101	-7%	\$1,277
Median Sales Price	\$995,000	-2%	\$1,015,124	-11.2%	\$1,120,075
Number of Sales	1,209	-2.1%	1,235	-6.8%	1,297
Days on Market (from Last List Date)	259	33.5%	194	57.9%	164
Listing Discount (from Last List Price)	7.1%		3.6%		9.4%
Listing Inventory	3,782	-16.9%	4,549	-28.3%	5,273

CONDO APARTMENT MIX	% of Total	Median Price
Studio	12%	\$456,300
1 bedroom	38%	\$750,000
2 bedroom	28%	\$1,375,000
3 bedroom	19%	\$2,670,000
4+ bedroom	3%	\$5,850,000

LUXURY market

Price indicators remained below prior year, but inventory declined sharply

Price indicators declined from prior quarter consistent with overall market Median sales price was \$3,780,000 in the fourth quarter, 8.5% below the prior year quarter result of \$4,132,516 and 3.2% below \$3,905,000 in the prior quarter. Average sales price was \$4,863,673 in the current quarter, down 12.5% from the prior year quarter average sales price of \$5,559,502 and essentially unchanged from the \$4,881,561 average sales price of the prior quarter. The year over year change in average sales price was -25.2% in the second quarter, -15.7% in the third quarter

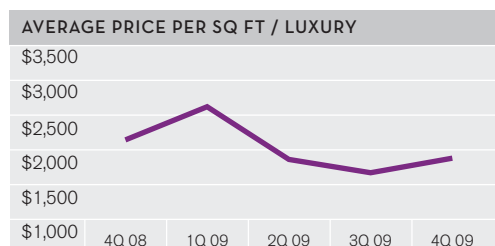
and -12.5% in the fourth quarter, combined with a nominal decline in the quarter over quarter results suggests a near-term stabilization in prices.

Listing inventory declined sharply There were 1,384 listings of luxury apartments in the fourth quarter, down 20% from the prior year quarter total of 1,730 apartments and down 14.4% from 1,616 apartments in the prior quarter. The decline in inventory reflects a combination of a higher overall level of activity as compared to the first half of 2009 as well as the seasonal aspect of declining inventory in the final quarter of the year. There are several patterns in sales that are emerging. Firstly, the number of luxury re-sale units increased 26% from the prior year quarter and the number of new development units fell 12.4% over the same period. Secondly, listing

inventory was comprised of 60% re-sales in the fourth quarter compared to 73% in the prior year quarter.

Days on market expanded as listing discount stabilized The days on market for a luxury property was 240 days, 71 days slower than the 169 days in the prior year quarter and 59 days slower than the 223 days in the prior quarter. The average luxury property took 36 days longer to sell than the overall market. In contrast, listing discount was 4.3% in the current quarter, down from 7.5% in the prior quarter and up nominally from 4.1% in the prior year quarter. As a somewhat historical anomaly, the listing discount for luxury properties has been below overall market levels for three of the past four quarters.

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	\$4,863,673	-0.4%	\$4,881,561	-12.5%	\$5,559,502
Average Price per Square Foot	\$1,866	12.7%	\$1,655	-12.4%	\$2,131
Median Sales Price	\$3,780,000	-3.2%	\$3,905,000	-8.5%	\$4,132,516
Number of Sales	247	10.8%	223	8.3%	228
Days on Market (from Last List Date)	240	32.6%	181	42%	169
Listing Discount (from Last List Price)	4.3%		4.1%		7.5%
Listing Inventory	1,384	-14.4%	1,616	-20%	1,730

LOFT market

Number of sales jumped as listing discount expanded

Pace of price declines eased Median sales price of a Manhattan loft apartment was \$1,400,000 in the fourth quarter, down 31.7% from the prior year quarter median sales price of \$2,050,000 and down 6.7% from \$1,500,000 in the prior quarter. Average sales price showed the same pattern, reaching \$1,746,274 in the fourth quarter, down 26.1% from the prior year quarter average sales price of \$2,364,485 and

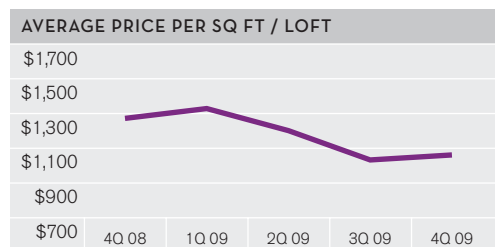
down 1.8% from \$1,778,140 in the prior quarter. Price per square foot fell 16.7% to \$1,056 from \$1,268 in the prior year quarter, but was up 2.8% from the prior quarter total of \$1,027.

Number of sales jumped as inventory dropped sharply There were 182 loft sales in the fourth quarter, up 16.7% from 156 sales in the prior year quarter and up 46.8% from 124 units in the prior quarter. The number of sales was the highest total since the third quarter of 2008 and is consistent with the 186 unit ten year quarterly average. There were 486 listings in the current quarter, down 30.4% from the 698 listing total in the prior year quarter and down 22% from the

623 unit total in the prior quarter.

Listing discount and days on market expanded The average days on market for a loft apartment was 190 days in the fourth quarter, a month longer than the 160 days in the prior year quarter and 53 days longer than the 137 days on market of the prior quarter. Listing discount also expanded, reaching 12.8% in the fourth quarter, nearly double the 6.5% listing discount of the prior year quarter and up from 7.7% from 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	\$1,746,274	-1.8%	\$1,778,140	-26.1%	\$2,364,485
Average Price per Square Foot	\$1,056	2.8%	\$1,027	-16.7%	\$1,268
Median Sales Price	\$1,400,000	-6.7%	\$1,500,000	-31.7%	\$2,050,000
Number of Sales	182	46.8%	124	16.7%	156
Days on Market (from Last List Date)	190	38.7%	137	18.8%	160
Listing Discount (from Last List Price)	12.8%		7.7%		6.5%
Listing Inventory	486	-22%	623	-30.4%	698

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