

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

3Q 08



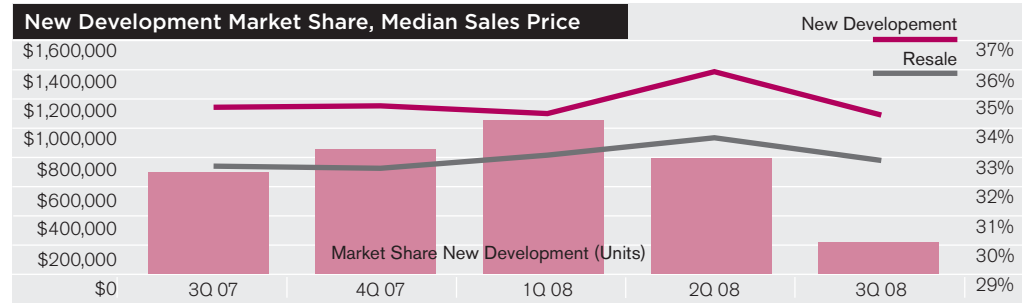
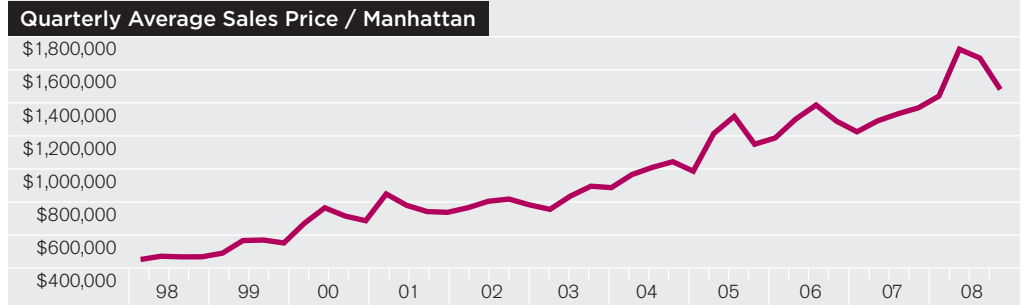
Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Prices indicators showed modest increase as inventory rose

New Development Market Share Eased This market overview is the first Manhattan report series to analyze new development and re-sale activity. New development has become an important component of the residential real estate market during the housing boom of the past 5 years. The re-sale and new development categories represent different sources of demand and mix. Now that the surge of high-end new development closings has begun to ease, the gain in price indicators was more modest and less subject to skew this quarter. Market share of new development sales activity has slipped over the past year from 32.5% of all sales in the prior year quarter to 30.1% in the current quarter. In addition, market share of new development inventory slipped to 26.9% of all listings, from 28.5% in the same period last year. The average price per square foot of all new development was \$1,320 this quarter, down 1.5% from the prior year quarter. The average price per square foot of a re-sale apartment was up 4.3% to \$1,142 per square foot as the bulk of higher end new development has been absorbed while higher end re-sale properties continue to sell.

Listing inventory increased, number of sales declined Listing inventory this quarter was up 34.6% to 7,003 units from the 5,204 units in the prior year quarter. Inventory levels in 2007 were near historic lows due to the record level

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,480,363	-11.3%	\$1,669,729	8.1%	\$1,369,486
Average Price per Square Foot	\$1,193	-5.5%	\$1,263	4.3%	\$1,144
Median Sales Price	\$928,263	-9.4%	\$1,025,000	7.4%	\$864,397
Number of Sales	2,654	-13.9%	3,081	-24.1%	3,499
Days on Market (from Last List Date)	134	-0.7%	135	9.3%	123
Listing Discount (from Last List Price)	2.6%		3.6%		2%
Listing Inventory	7,003	2%	6,869	34.6%	5,204



of sales activity during that period which served to absorb excess supply. This resulted in an exaggeration of the percentage gain in inventory. The number of listings increased 14.9% from

August to September of 2008, consistent with the 12% increase in the same period last year. The number of sales fell 24.1% to 2,654 from the prior year quarter of 3,499. Year to date,

the total number of sales was 26.5% below the corresponding period in the prior year.

All price indicators showed modest gains The median sales price of a Manhattan apartment was \$928,263 this quarter, a 7.4% increase over the prior year quarter median sales price of \$864,397. Average sales price showed a similar gain, rising 8.1% to \$1,480,363 from the prior year quarter average sales price of \$1,369,486. Price per square foot showed the smallest gain, increasing 4.3% to \$1,193 this quarter, up from \$1,144 in the prior year quarter.

Days on market and listing discount rise The increase in apartment inventory is consistent with the expansion of marketing time and increase in negotiability of sales prices. The average days on market was 134 days, more than a week longer than the 123 day average in the prior year quarter. The five year quarterly average for days on market is 126 days. This indicator is measured by the difference in the number of days between the date of the last listing price change, if any, until the contract date. The listing discount expanded modestly to 2.6% from a discount of 2% in the prior year quarter. The listing discount has averaged 2.7% per quarter over the past five years. Like days on market, the listing discount is measured from the listing price in effect when the property went to contract.

Contraction of credit continued to limit demand The impact of the credit contraction, associated volatility in the financial markets, as well as unprecedented government bailouts on a federal level have not shown up in the market data for the quarter. The key metrics to consider going forward are the lower level of sales activity compared to last year's record levels and the rise of inventory. The reduction in affordable mortgage products continues to hamper buyers in New York as well as most housing markets across the country. The upcoming quarter begins with modest inventory levels and the likelihood of a reduction in new development units entering the housing stock next year due to the credit contraction.

CO-OP Market

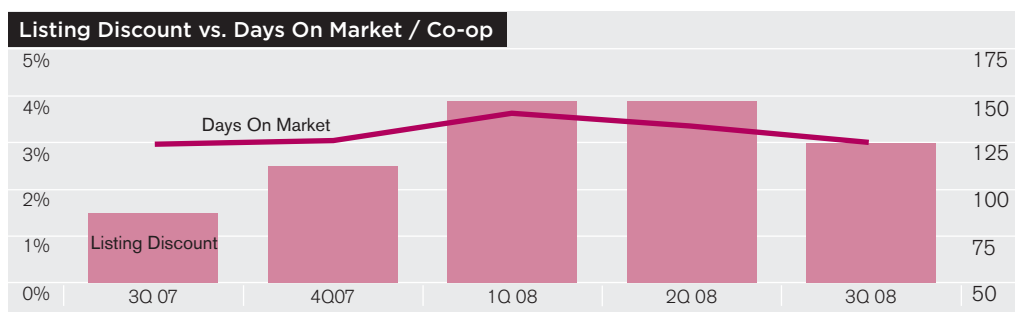
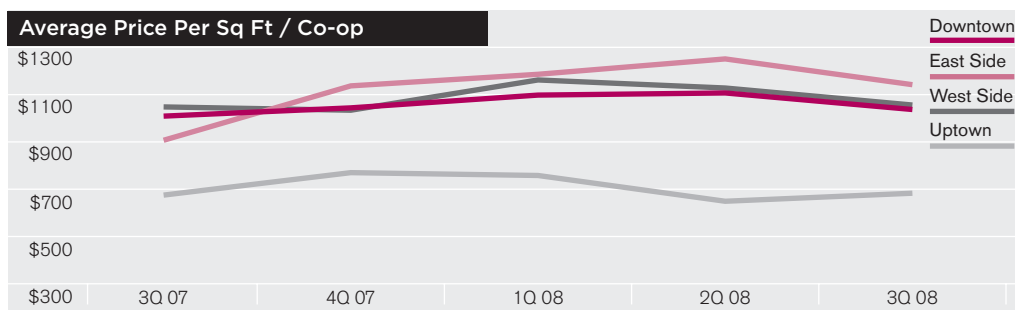
Number of sales declined, as prices showed modest gains

All price indicators showed gains Median sales price, price per square foot and average sales price all showed consistent gains over the same period last year. The median sales price was \$688,000 in the current quarter, a 2.9% increase over the \$668,500 median sales price in the same period last year. Aside from the jump in median sales price in the prior two quarters, this price indicator has been relatively stable for the past two years. Price per square foot increased 3.4% to \$1,056 per square foot from \$1,021 in the prior year quarter. Average sales price, which has the greatest vulnerability to the skew caused by higher end property sales, increased a modest 3.8% to \$1,161,302 from the average sales price of the same period last year of \$1,118,465.

Number of sales remained lower than prior year as inventory rose The number of Manhattan co-ops sold in the quarter fell 25.6% to 1,348

from the 1,811 unit total of the prior year quarter. The prior year quarter was the highest quarterly total recorded in the 20-year data series collected for this report. However, the current level of sales is the highest level reached subsequent to the record set last year. Listing inventory was 3,360 units in the current quarter, a 35.9% rise above the prior year quarter total of 2,472. This total is the highest level reached since the same period two years ago when inventory was 3,680 units. The highest level of co-op inventory over the past decade was set in the second quarter of 2006 when it reached 4,105 apartments.

Days on market and listing discount mixed While the listing discount of 3% in the current quarter was double the 1.5% rate of the same period last year, the listing discount has been 3.9% for the prior two quarters. This suggests either that sellers did a better job pricing their apartments in line with the market this quarter or buyers were more willing to come up further to cause a sale. However, with rising inventory, it is unlikely that the listing discount would drop much further. Days on market followed a similar pattern. The average days on market for a co-op



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,161,302	-9.3%	\$1,280,201	3.8%	\$1,118,465
Average Price per Square Foot	\$1,056	-7.9%	\$1,146	3.4%	\$1,021
Median Sales Price	\$688,000	-8.9%	\$755,000	2.9%	\$668,500
Number of Sales	1,348	7.5%	1,254	-25.6%	1,811
Days on Market (from Last List Date)	126	-6.7%	135	0.8%	125
Listing Discount (from Last List Price)	3%		3.9%		1.5%
Listing Inventory	3,360	0.7%	3,335	35.9%	2,472

Co-op Apartment Mix	% of Total	Median Price
Studio	25%	\$400,000
1 bedroom	40%	\$630,000
2 bedroom	29%	\$1,351,000
3 bedroom	4%	\$3,526,000
4+ bedroom	2%	\$10,025,000

apartment was 126, nearly the same as the 125 days period seen in the prior year quarter.

4-bedroom co-ops saw greatest price gain, studios only gain in market share Market share of studio co-op apartments gained 4% from the same period last year rising to 25% of all co-ops sold during the quarter from 19% in the same period last year. Over the same period, 1-bedroom units slipped 2% to 40% market share, 2-bedroom units slipped 4% to 29% market share, 3-bedroom units slipped 1% to 4% market share and 4+ bedrooms were unchanged at 2% market share. Over the same period, 4+ bedroom apartments showed the largest increase in median sales price. The median sales price of a studio was \$400,000, up 13.9%; 1-bedrooms were \$630,000, up 5.9%; 2-bedrooms were \$1,351,000, up 4.3%; 3-bedrooms were \$3,526,000, up 3.7%; 4+ bedrooms were \$10,025,000, up 73.8% compared to the prior year's third quarter. The sharp rise in the median sales price of 4+ bedrooms was attributable to there shift in mix to larger units, rather than a jump in appreciation.

CONDO Market

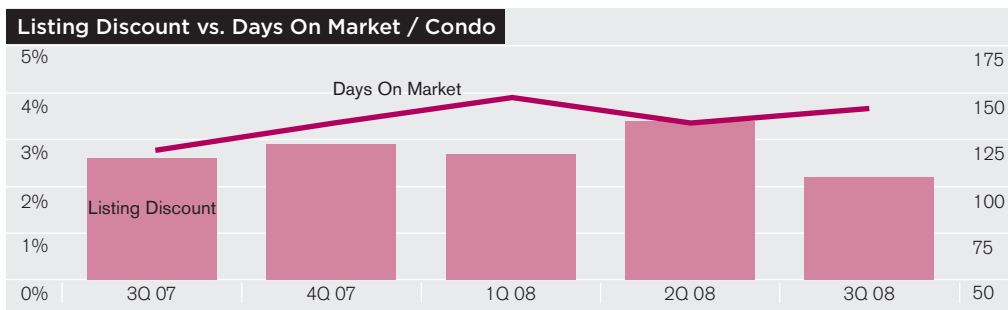
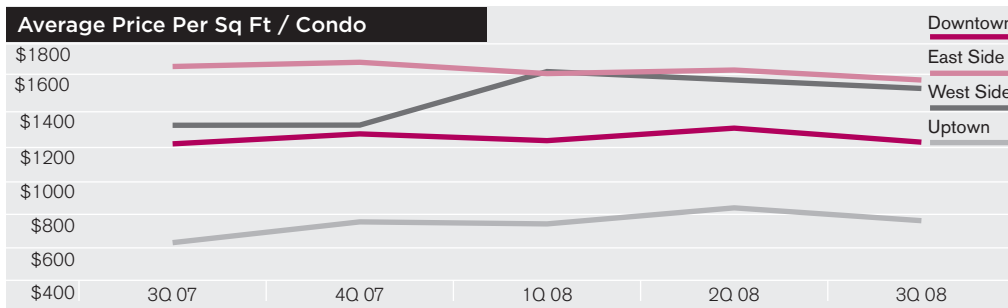
Price indicators and inventory levels rose

Prices off from records set in the first half of year The median sales price of a Manhattan condo was \$1,220,000, up 8.9% from the prior year quarter median sales price of \$1,120,075. The record for this indicator was set in the prior quarter when it reached \$1,267,000. Price per square foot was \$1,334 per square foot, a 4.4% increase from \$1,278 per square foot in the prior year quarter. The record was set in the prior quarter at \$1,442 per square foot. Average sales price, which is more subject to the skew caused by the mix of sales, was greatly influenced by the higher mix of new development high end sales, although the surge in these sales has begun to ease. Average sales price was \$1,809,684 this quarter, up 10.4% from the prior year quarter average sales price of \$1,638,798. The average sales price record was set in the first quarter of this year when it reached \$1,981,802.

Sales remain below the prior year level as inventory rose There were 1,306 units that sold in the quarter, off 22.6% from the prior year quarter level of 1,688. While these results are higher than the five-year quarterly average number of sales of 1,144, they represent a consistent decline in sales from the prior year records. With a lower level of sales activity, inventory levels have remained higher than last year but are still at modest levels. There were 3,643 units available for sale, up 33.3% from the prior year quarter level of 2,732 but 7.6% below the 3,943 in the same period 2 years ago.

Days on market expanded, listing discount declined The days on market for the quarter was 143 days, 23 days longer than the 120 days on market level seen in the prior year quarter. This is consistent with the expansion of inventory over the same period, which brings more competition and therefore more time taken to sell property. The listing discount fell to 2.2% this quarter, from the 2.6% listing discount of the prior year quarter. The contraction doesn't suggest a trend since the transition from second to third quarter has been mixed for the past five years.

Entry-level and high-end gained market share, price increases were mixed Market share of studio and 4+ bedroom sales increased from the prior year quarter while all other categories slipped. Studios were 11% of sales, up 2% and 4+ bedrooms were 2%, up 1%, both compared to the prior year quarter. The remaining categories each slipped 1%: 1-bedroom units were 32% of all sales; 2-bedroom units were 50% of all sales; 3-bedrooms were 5% of all sales. The median sales price of 3-bedroom units fell from the same period last year. The median sales price of a 3-bedroom was \$3,950,000 down 6% from the prior year quarter. The median sales prices of the remaining categories were higher than the prior year quarter. The median price of a studio was \$595,000, up 11.2%, 1-bedroom was \$850,000, up 3% from the prior year quarter; the median price of a 2-bedroom was \$1,598,652, up 9.5% from the prior year quarter; the median price of a 4-bedroom was \$10,895,275, up 55.6% from the prior year quarter.



Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,809,684	-6.6%	\$1,937,090	10.4%	\$1,638,798
Average Price per Square Foot	\$1,334	-7.5%	\$1,442	4.4%	\$1,278
Median Sales Price	\$1,220,000	-3.7%	\$1,267,000	8.9%	\$1,120,075
Number of Sales	1,306	-28.5%	1,827	-22.6%	1,688
Days on Market (from Last List Date)	143	5.9%	135	19.2%	120
Listing Discount (from Last List Price)	2.2%		3.4%		2.6%
Listing Inventory	3,643	3.1%	3,534	33.3%	2,732

Condo Apartment Mix	% of Total	Median Price
Studio	11%	\$595,000
1 bedroom	32%	\$850,000
2 bedroom	50%	\$1,598,652
3 bedroom	5%	\$3,950,000
4+ bedroom	2%	\$10,895,275

LUXURY Market

Prices rose as inventory grew

Price indicators and inventory rose The luxury price segment this quarter ranged from \$2,770,000 to \$48,000,000 this quarter. The median sales price of a luxury apartment this quarter was \$4,022,087, up 1.8% from the prior year quarter and the fourth consecutive quarter above the \$4,000,000 threshold. Price per square foot showed a similar pattern rising 3.3% to \$2,075 from the prior year result of \$2,009. This indicator has remained above the \$2,000 price per square foot threshold for five consecutive quarters. Average sales price was \$5,790,229, up 13.8% higher than the same period last year when the average sales price was \$5,085,883. This indicator reached a record \$7,667,423 in

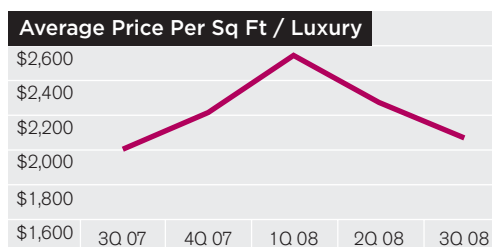
the first quarter of this year as a large wave of high end new development closings were making their way through the system.

Inventory reversed its sharp decline of last quarter, listing discount rose There were 1,270 luxury listings this quarter, 35.9% higher than the 935 listings of the prior year quarter and nearly double the 672 listings of the prior quarter. The sharp increase from the prior quarter does not suggest a trend yet as listing volatility tends to be higher in this market segment. The average days on market was 119, up nominally from the 115 days on market amount during the same period last year. In five of the past seven quarters, the days on market for the luxury segment has been lower than the overall market, yet the quarterly average days on market for the past decade has been 14.6% higher than the overall market.

The listing discount was 2.9%, which is higher than the 1.8% listing discount of the prior year quarter. Although relatively low, this indicator is at its highest mark since the fourth quarter of 2006 when the listing discount was 3.6%.

Market volume, size expanded The average square footage of a luxury apartment was 2,790 square feet this quarter, 10.2% higher than the 2,532 square foot average in the prior year quarter. A record size was set in the first quarter when the average square footage reached 3,000. While comprising 10% of unit sales, the luxury market accounted for 39.1% of total sales dollars this quarter.

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.



Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$5,790,229	-9%	\$6,364,000	13.8%	\$5,085,883
Average Price per Square Foot	\$2,075	-9.1%	\$2,282	3.3%	\$2,009
Median Sales Price	\$4,022,087	-18.7%	\$4,950,000	1.8%	\$3,950,000
Number of Sales	265	-14%	308	-24.3%	350
Days on Market (from Last List Date)	119	-13.1%	137	3.5%	115
Listing Discount (from Last List Price)	2.9%		2%		1.8%
Listing Inventory	1,270	89%	672	35.9%	935

LOFT Market

Price indicators increased, number of sales jumped

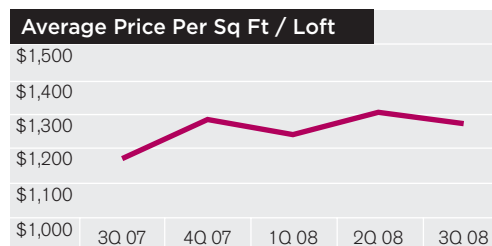
Price indicators at or near record levels The median sales price of a loft apartment in the current quarter reached a record \$1,920,000 up 12.9% from the prior year quarter median sales price of \$1,700,000. Price per square foot increased 8.7% to \$1,278 from \$1,176 per square foot in the prior year quarter. Average sales price increased 6.9% to \$2,211,864 this quarter from \$2,069,364 in the same period last year.

Similar to the prior quarter, inventory increased modestly and number of sales jumped. There were 539 loft apartments available for sale in the current quarter, a 4.7% increase from the 515 units of the prior year quarter. This gain was much smaller than the overall market, which increased 34.6% over the same period. There were 225 loft sales during the period representing a sharp increase of 38% from the 163 sales in the prior year quarter. The combination of slow inventory growth and jump in the number of sales is consistent with the record or near record price indicators this quarter. While loft sales represented 8.5% of total sales, they

accounted for 12.7% of total market volume. The monthly absorption rate in the loft market was 7.2 months, consistent with the 7.9 month rate of the overall market. The absorption rate is the number of months it would take to sell all listed properties at the current pace of sales.

Days on market increased, listing discount declined With the gain in sales activity and decline in inventory, listing discount fell to 2.4% this quarter from 3% in the prior year quarter. However, days on market was 130 days this quarter, 10 days longer than the prior year quarter average of 120 days.

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.



Loft Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$2,211,864	4.1%	\$2,123,780	6.9%	\$2,069,364
Average Price per Square Foot	\$1,278	-2.5%	\$1,311	8.7%	\$1,176
Median Sales Price	\$1,920,000	12.9%	\$1,700,000	12.9%	\$1,700,000
Number of Sales	225	-17.3%	272	38%	163
Days on Market (from Last List Date)	130	-8.5%	142	8.3%	120
Listing Discount (from Last List Price)	2.4%		2.9%		3%
Listing Inventory	539	-1.6%	548	4.7%	515

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