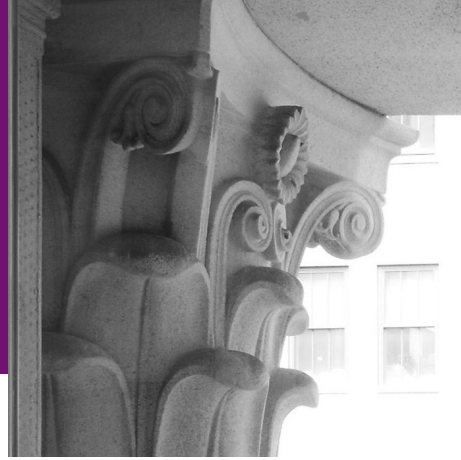


MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

3Q 06



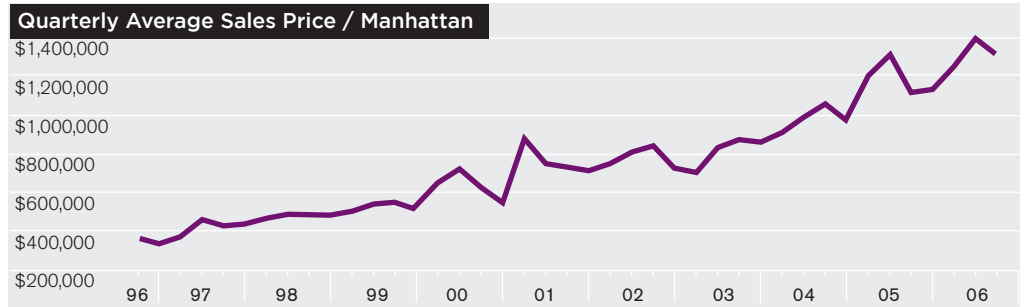
Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

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

Prices slip from record levels Overall price indicators for the entire Manhattan apartment market fell from the prior quarter but remained above levels set in the prior year quarter. The average sales price of a Manhattan apartment this quarter was \$1,288,748, down 7% from the record \$1,386,193 set during the spring market last quarter, but was up 12.1% above the prior year quarter. Last year at this time, the average sales price declined 12.7% from the prior quarter, 5.7% more than the 7% change in the current quarter and was largely quoted as the first sign that the housing boom had ended and the market was beginning a period of transition. A year has now passed since this milestone and although the market continued to rise over the year, the rate of price appreciation has eased. Median sales price and average price per square foot showed similar patterns. The median sales price, the middle number of the range of sales for the quarter, was \$845,147, down 4% from the \$880,000 median sales price record set in the prior year quarter but up 12.7% over the \$750,000 median sales price of the prior year quarter. Average price per square foot was down 3% from the prior quarter record of \$1,083 but up 6.7% from the prior year quarter record of \$984 per square foot.

Inventory levels off The number apartments available for sale leveled off for the first time since the 4th quarter of 2004. The inventory was virtually unchanged from the prior quarter

Manhattan Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,288,748	-7%	\$1,386,193	12.1%	\$1,149,813
Average Price per Square Foot	\$1050	-3%	\$1,083	6.7%	\$984
Medium Sales Price	\$845,147	-4%	\$880,000	12.7%	\$750,000
Number of Sales	2,113	9.3%	1,934	5.8%	1,997
Days on Market (from Last List Date)	150	4.2%	144	12.8%	133
Listing Discount (from Last List Price)	4%		3.5%		2.2%
Listing Inventory	7,623	-0.2	7,640	32.3%	5,764



Note: Uptown statistics are included in the current and historical results.

totaling 7,623 units, down 0.2% from the prior quarter total of 7,640. However, inventory will likely remain a drag on price growth with levels 32.3% above levels seen the same time last year. When breaking out inventory by co-ops and condos, the explanation for stability becomes more evident. Co-op inventory fell 10.7% from the prior quarter while condos increased 11.5% over the same period, effectively an offset. Co-op inventory grew 6.9% over the prior year quarter while condos grew 69.7% over the same period. Nearly all co-op inventory is comprised of re-sales. Many co-op property owners had placed their listings on the market in the first half of the year at an above-market price

trying to “cash-out.” Inventory fell over the summer when the units were pulled from the market as the over priced properties languished. Condo inventory grew from new development additions at a rate that more than offset the drop in resale condo listings.

Number of sales leveled off, despite empirical evidence to the contrary In the middle of the third quarter, the City of New York brought co-op sales data into the public domain. This had the effect of bringing information to the market more rapidly than traditional research had been able to cull by the last calendar day of the reporting period. As a result, co-op data showed an increase in the number of sales

this quarter when day-to-day market experience suggests flat activity levels. There were 2,113 sales captured for this study, up 9.3% over the prior quarter total of 1,934 sales and 5.8% above the prior year quarter total of 1,997 units. The addition of co-op sales to the public record is expected to overstate the actual growth in the number of sales anticipated next quarter.

The expansion of average days on market is easing It took an average of 150 days to sell a Manhattan apartment in the third quarter, up 6 days from the prior quarter total of 144 days and up 17 days from the prior year quarter total of 133 days. There was also an expansion of the listing discount, the difference between the last listing price and the final selling price of the property. The listing discount this quarter was 4%, up from 3.5% in the prior quarter and up from 2.2% in the prior year quarter. We would estimate that historical norms are between 4% and 7%. As marketing times and inventory expand, we would anticipate that this indicator would continue to grow as well.

Sense of urgency is missing, standoff between buyers and sellers remains Prices are off in the current quarter from record levels set in the prior quarter but remain above levels seen in the prior year quarter. Overall inventory has stabilized for the first time since the end of 2004 but that appears to be due more to the offsetting decline in co-op re-sale inventory and increase in condo inventory where more than 60% of the growth is attributable to new development. Fixed and adjustable rate mortgage rates fell over the quarter but that did not stimulate additional demand. There seems to be plenty of buyers out there as lenders report rising numbers of pre-qualified buyers. Other factors such as stable local economic conditions, including an optimistic Wall Street bonus outlook, reasonable employment and payroll levels, fiscal austerity by local government and currency exchange rates encouraging foreign investment added to the stability of the market. Nevertheless, these conditions have not convinced would-be buyers to make a purchase decision as evidenced by weaker sales and increased rental activity.

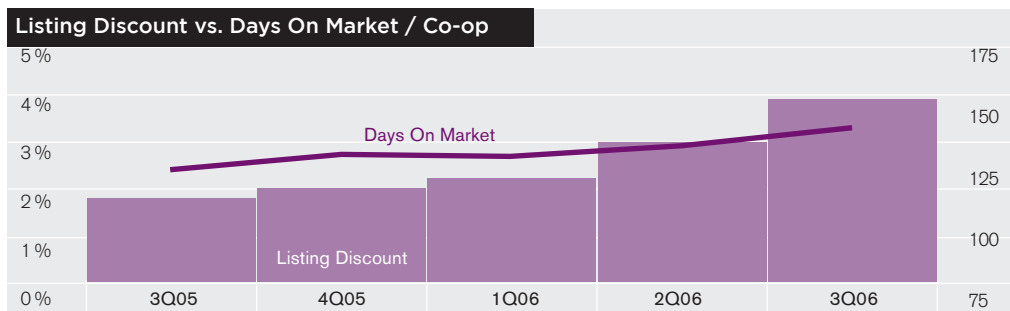
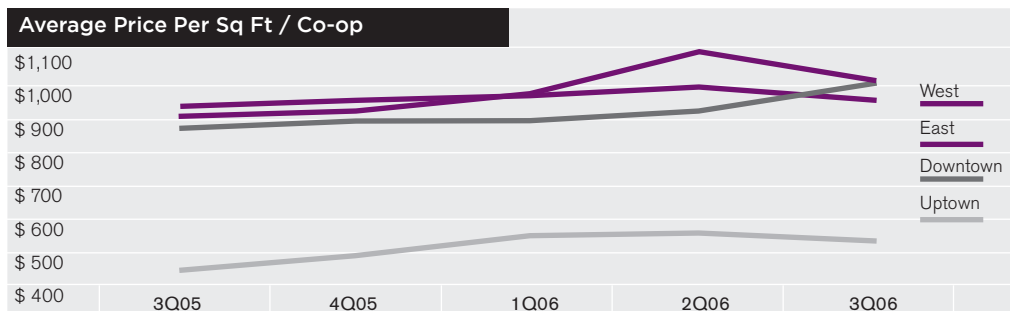
CO-OP Market

Prices declined slightly, but inventory dropped sharply

Price indicators fell from prior quarter records but remained above prior year levels The average sales price of a Manhattan co-op apartment fell 16.1% from the prior quarter record of \$1,296,452 but was up 13.8% above the prior year quarter average sales price of \$956,490. In fact, the prior quarter record is beginning to look like an anomaly as compared to the average sales price seen over the past two years of \$1,022,642. Average price per square foot saw the same pattern, falling 6% to \$935 per square foot from \$995 in the prior quarter, but remained 5.4% above the \$887 per square foot seen in the prior year quarter. Median sales price followed suit settling below \$700,000 after reaching a record \$722,000 last quarter. Median sales price fell 5.1% from that record last quarter to \$685,000 and was up 5.5% above the \$649,000 median sales price of the prior year quarter.

For the first time after six consecutive quarters of increases, inventory fell Co-op inventory is comprised primarily of re-sales, yet despite the lack of new development added to the mix, inventory has continued to rise until this quarter. Inventory levels were at 3,680 units, down 10.4% from the near term record of 4,105 units but up 6.9% from the 3,441 unit total seen in the prior year quarter. Over the past year, a large portion of the inventory rise was attributable to the combination of easing demand as well as sellers simply placing their units on the market to attempt to “cash out” but setting their list prices above current market levels. Inventory fell during the current quarter as sellers pulled their units off the market after seeing limited activity. Although the number of sales increased during the quarter, this was probably due to the entry of co-op sales into the public domain mid-quarter. We would speculate that the number of sales was generally unchanged as compared to the prior quarter, despite the increase in the number of sales shown in the data.

Downtown market prices and entry-level market share showed recent gains The average price per square foot of the four general



Co-op Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,088,048	-16.1%	\$1,296,452	13.8%	\$956,490
Average Price per Square Foot	\$935	-6%	\$995	5.4%	\$887
Medium Sales Price	\$685,000	-5.1%	\$722,000	5.5%	\$649,000
Number of Sales	1,087	30.8%	831	-2%	1,109
Days on Market (from Last List Date)	145	5.1%	138	12.4%	129
Listing Discount (from Last List Price)	3.9%		3%		1.9%

Co-op Apartment Mix	% of Total	Avg. Price
Studio	19%	\$383,129
1 bedroom	35%	\$608,317
2 bedroom	39%	\$1,296,229
3 bedroom	5%	\$3,130,234
4+ bedroom	2%	\$6,977,500

market areas of Uptown, Downtown, Eastside and Westside all showed price gains over the prior year quarter. Only the Downtown market showed an increase over the prior quarter. The average price per square foot for the Downtown market was \$1,002, up 10.4% over the prior quarter while the Eastside market was \$1,000 per square foot, down 8.8%. The Westside market was \$961 per square foot, down 3.3% and the Uptown market was \$525 per square foot, down 6.1%. For the most part, pricing across each of the four regions has generally moved in unison over the past several years, a defining characteristic of the recent housing boom. The entry-level co-op market, characterized as studio and 1-bedroom apartments saw a 2% market share gain at the expense of the 3-bedroom market this quarter. However, entry-level apartments were still 4% below the market share seen in the same period last year as evidenced by some movement of buyers to the rental market. Along with the rise in market share over last quarter, entry-level apartments, specifically studio and 1- bedroom apartments, saw gains in average sales price of 1.9% and 1.4% from last quarter respectively, perhaps in sync with falling mortgage rates over the quarter.

CONDO Market

Prices rise, despite increases in inventory

Prices increased from prior quarter and prior year quarter The average sales price of \$1,501,381 was the second highest on record, the highest was set in the second quarter of 2005, when the average sales price was \$1,570,375. The average sales price was up 3.3% over the prior quarter average sales price of \$1,453,803 and up 7.9% above the prior year quarter average sales price of \$1,391,248. Average price per square foot showed a similar pattern. The average price per square foot of a condo sale this quarter was \$1,171 per square foot, up 1.9% over the prior quarter average price per square foot of \$1,149 and 6% above the prior year quarter average price per square foot of \$1,105. Median sales price, the middle number of all sales prices set for the quarter, actually showed the most upward growth this quarter. The median sales price of a Manhattan condo this quarter was \$1,065,000, up 7.6% over the prior quarter median sales price of \$990,000 and up 11.3% over the prior year

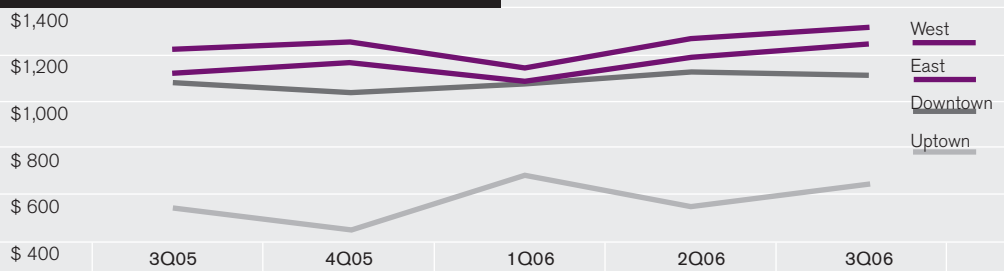
quarter median sales price of \$957,250. The concern about rising inventory has not been substantiated in price levels to date.

Listing inventory continues to climb There were 3,943 condo units available for sale, including re-sales and new development. The current total is 11.5% above the prior quarter total of 3,535 units and 69.7% above the prior year quarter total of 2,323 units. Rising inventory levels, especially what is attributable to new development, have helped temper appreciation rates of condos over the past year, as well as co-ops. It is estimated that the pace of inventory increase attributable to new development from last quarter was more than 20% but the drop in re-sale inventory effectively cut the increase in half. With another twelve to eighteen months of properties in the development pipeline, it is expected that rising inventory levels will cause general pricing weakness or continued expansion in marketing time and negotiability, or both. The parallel relationship of rising inventory and rising prices may be more an issue of timing since a continued expansion of inventory will increase marketing time and influence housing prices in some markets to move downward.

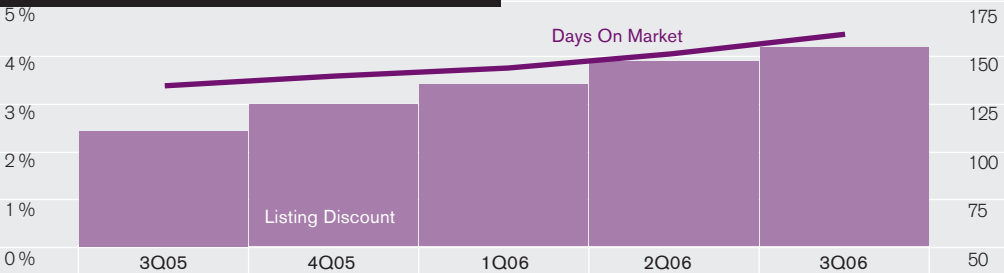
Days on market and listing discounts continued to expand

The amount of time it took to sell a Manhattan condo apartment increased to 155 days this quarter, up 6 days from the prior quarter total of 149 days and 18 days longer than the 137 days seen in the same period last year. The average listing discount was 4.2% this quarter, up from 3.9% in the prior quarter and up from 2.5% in the prior year quarter. These indicators correlate with rising inventory levels, which are now 2.5 times the levels seen in the 4th quarter of 2004, when inventory began to rise. Buyers have more choices as new development units are added to the housing stock, which has essentially eliminated the sense of urgency facing buyers during the housing boom. This has forced sellers to be more negotiable and has caused properties to sit on the market for a longer period of time.

Average Price Per Sq Ft / Condo



Listing Discount vs. Days On Market / Condo



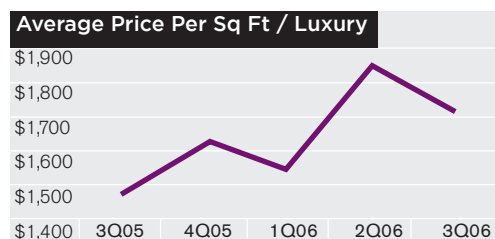
Condo Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,501,381	3.3%	\$1,453,803	7.9%	\$1,391,248
Average Price per Square Foot	\$1,171	1.9%	\$1,149	6%	\$1,105
Medium Sales Price	\$1,065,000	7.6%	\$990,000	11.3%	\$957,250
Number of Sales	1,026	-7%	1,103	15.5%	888
Days on Market (from Last List Date)	155	4%	149	13.1%	137
Listing Discount (from Last List Price)	4.2%		3.9%		2.5%

Condo Apartment Mix	% of Total	Avg. Price
Studio	10%	\$638,374
1 bedroom	37%	\$800,731
2 bedroom	48%	\$1,839,674
3 bedroom	4%	\$4,673,015
4+ bedroom	1%	\$8,113,333

LUXURY Market

Price changes show larger annual gains than rest of market

Prices saw greater gains from last year than overall market The average sales price was \$4,509,833, down 10% from the prior quarter near record average sales price of \$5,013,147 but was 17.9% higher than the prior year quarter average sales price of \$3,824,079. The average price per square foot of \$1,721 showed a similar pattern declining 6.6% from the record \$1,842 average price per square foot set last quarter but up 16.5% from the \$1,477 average price per square foot seen in the prior year quarter. Me-



dian sales price followed suit, falling 15.1% to \$3,395,000 in the current quarter from a record \$4,000,000 in the prior quarter but increased 9% above the \$3,113,879 seen in the prior year quarter.

Days on market expanded while listing discount contracted The average days on market increased 11 days to 161 days as compared to 150 days in the prior quarter and 142 days in the prior year quarter. Over the past three years, the difference in the average days on market between the luxury market and the overall market was 23 days. The same pattern was evident in the listing discount. However, this quarter, both markets had a 4% listing discount after averaging a 1.9% listing discount for luxury market over the past three years.

Sales velocity was the fourth highest on record

The total dollar volume of all luxury sales this quarter fell just short of one billion dollars, reaching \$951,574,763, the fourth highest total on record. The total was down 1.6% from the near record velocity of \$967,537,371 in the prior quarter but up 24.4% above the prior year quarter total of \$764,815,800. This outpaced the gains of the overall market during the same period. The overall market increased 18.6%, over the second quarter, reaching the second highest total on record of \$2,723,124,524. The second quarter of 2005 marked the end of the housing boom in New York, notable for its \$1,126,328,392 sales velocity, the only time this statistic has exceeded one billion dollars to date.

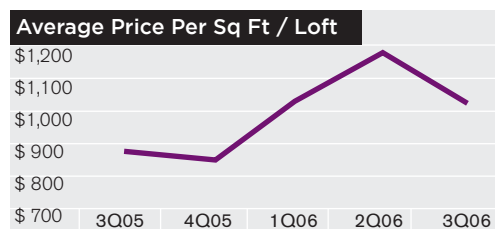
Note: This sub-category is the analysis of the top ten percent of all co-op and condo sales. The data is also contained within the co-op and condo markets presented.

Luxury Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$4,509,833	-10%	\$5,013,147	17.9%	\$3,824,079
Average Price per Square Foot	\$1,721	-6.6%	\$1,842	16.5%	\$1,477
Medium Sales Price	\$3,395,000	-15.1%	\$4,000,000	9%	\$3,113,879
Number of Sales	211	9.3%	193	5.5%	200
Days on Market (from Last List Date)	161	7.3%	150	13.4%	142
Listing Discount (from Last List Price)	4%		4.2%		3.7%

LOFT Market

Prices remained above prior year levels while inventory expanded

Prices weakened from prior quarter but above prior year quarter All price indicators fell this quarter from the records set in the prior quarter but remain higher than the same period last year. The average sales price of \$1,973,569 was virtually unchanged from the prior quarter average of \$1,974,623 but up 26.2% from the prior year quarter average sales price of \$1,563,388. This price jump was attributable to a temporary shift in the type of loft properties that were sold last year and does not sug-



gest that loft prices spiked this year. The second half of 2005 was marked by a low level of sales activity at the upper end of the market until the first quarter of 2006. The other price indicators, median sales price and average price per square foot, were more consistent with the overall market because they are less vulnerable to changes in the sales mix. They showed single digit percentage price declines from the prior quarter and single digit percentage price increases above the same quarter last year.

Number of sales declined as inventory increased There were 153 loft sales this quarter, the same amount as the prior year quarter but were down from 218 units sold in the prior quarter, a drop of 29.8%. There were 644 units avail-

able for sale this quarter, which was 46.7% over the 439 units tracked in the prior year quarter.

It took longer to sell a loft apartment with little change in negotiability

The average days on market it took to sell a loft apartment was 145 days, 13 days longer than the prior quarter and 29 days longer than the same period a year ago. This indicator remained below the overall Manhattan market average of 150 days. At the same time, the negotiability, measured by listing discount, expanded marginally to 3.6% this quarter from 3.5% in the prior quarter but was up 2% from the prior year quarter average of 1.5%.

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	\$1,973,569	-0.1%	\$1,974,623	26.2%	\$1,563,388
Average Price per Square Foot	\$1,081	-7.6%	\$1,170	9.4%	\$988
Medium Sales Price	\$1,415,000	-5.7%	\$1,500,000	5.3%	\$1,344,090
Number of Sales	153	-29.8%	218	0%	153
Days on Market (from Last List Date)	145	9.8%	132	25%	116
Listing Discount (from Last List Price)	3.6%		3.5%		1.5%

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