

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

2Q 06



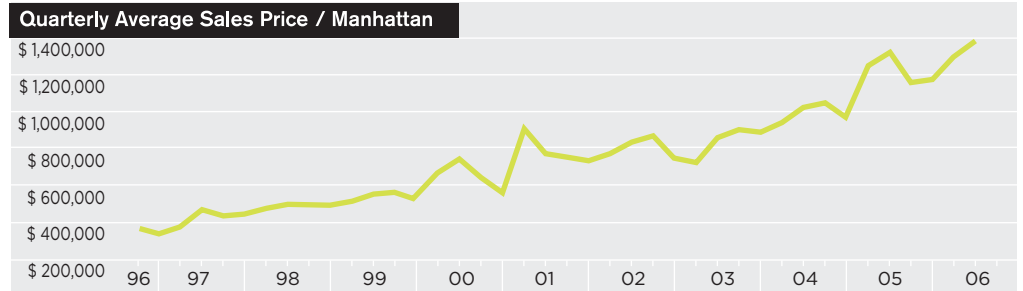
Prepared by Miller Samuel Inc.
A Manhattan residential real estate appraisal company

Prices set records, number of sales decline

Overall price indicators set records All price indicators for the overall Manhattan co-op and condo market set records this quarter. The average sales price increased 5.2% to a record \$1,386,193 over the prior year quarter average of \$1,317,528 and is up 6.6% over the prior quarter average sales price of \$1,300,928. Average price per square foot showed the same pattern, setting a record of \$1,083 per square foot which was an 11.6% over then record \$970 in the prior year quarter and 7.9% above the prior quarter record of \$1,004. Median sales price rose 13.5% to a record \$880,000 from the \$775,000 median sales price in the prior year quarter and 6.7% above the prior quarter median sales price of \$825,000.

Number of sales decline, inventory rises The second quarter has historically been the most active period of the year in terms of price appreciation and the number of sales. While properties continued to appreciate, albeit at a slower pace, the number of sales fell 14.8% to 1,934 units from the prior year total of 2,271 and is 3.5% below the 2,005 units that closed last quarter. The actual number of sales was not considered low for a typical quarter but it was in fact low for the second quarter, which averaged 2,264 transactions in the prior 5 years or 17.1% higher than the current quarter. The number of condo sales exceeded the number of co-op sales for the second consecutive quarter reflecting the

Manhattan Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$1,386,193	6.6%	\$1,300,928	5.2%	\$1,317,528
Average Price per Square Foot	\$1,083	7.9%	\$1,004	11.6%	\$970
Median Sales Price	\$880,000	6.7%	\$825,000	13.5%	\$775,000
Number of Sales	1,934	-3.5%	2,005	-14.8%	2,271
Days on Market (From Last List Date)	144	4%	138	41.2%	102
Listing Discount (From Last List Price)	3.5%		2.8%		1.6%
Listing Inventory	7,640	10.7%	6,904	53.9%	4,965



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

general trend that new housing stock is in the form of condos. The lower demand for property has caused inventory to rise as new development activity continues to bring new product to market. The number of units on the market today, both re-sales and new development is 53.9% higher than the same period last year. The number of co-op listings increased 30.8%, while condos increased 93.5% from the same period last year. Since co-op inventory is nearly all re-sales and the pace of re-sales of co-ops and condos coming into inventory is relatively similar, roughly 60% of the increase in condos can be attributable to new development activity.

Larger units gained market share According to Freddie Mac, the conventional 30-year mortgage was 6.78% at the end of the quarter and the 1-year ARM was 5.71%, up about a half percent from the year end rates of 6.35% and 5.42% respectively. While still considered relatively low, the modest increase in mortgage rates has served to cool demand and moves some first-time buyers into rentals. Brokers report that the average rental price increased an average of 5% over the prior year with some buildings seeing increases of 10% to 20%. There is a direct correlation between rising mortgage rates and rising rental prices. This is

evidenced by the drop in market share of entry-level co-op units. As one of the least expensive segments of the market and a primary entry vehicle to home ownership in Manhattan, the combined market share of co-op studio and 1-bedroom units was 57% of all sales at the end of 2005 and dropped to 52% in the current quarter. Prices in the co-op entry segment were the only category to see lower prices this quarter as compared to the prior year quarter. The change from the prior quarter average sales price was -3.9% for studios and -6.6% for 1-bedroom units.

The average days on market is up more than a month from last year It took 144 days on average to sell a typical Manhattan apartment this quarter up from the 102 day average in the prior year quarter or 42 days longer. Consistent with this sizeable change over last year is the negotiability of each transaction. The average discount from list price was 3.5%, more than double the 1.6% discount seen in the prior year quarter but still considered relatively low.

The buyer-seller “stand-off” continued this quarter The phenomenon of rising prices and declining sales is a classic sign of a market in transition. The market has entered a period where the sellers no longer have a clear advantage in the typical sales transaction. Buyers were expecting a deep discount on all transactions while sellers remained fairly firm in their pricing. As a result, the number of sales dropped as the buyers who were resistant to rising prices simply chose not to participate, while those who stayed in the market paid record prices on average. The modest uptick in mortgage rates since the beginning of the year tempered demand as both existing and new development inventory was rising. While inventory levels are the highest they have been in ten years, the selection for buyers has not improved as much as the inventory numbers would suggest as sellers have not yet responded to the weaker demand. There is still a substantial portion of listings that are priced as if the market was seeing double-digit annual appreciation that occurred over the past several years. As a result, it is taking longer to sell an apartment and there is generally more negotiability.

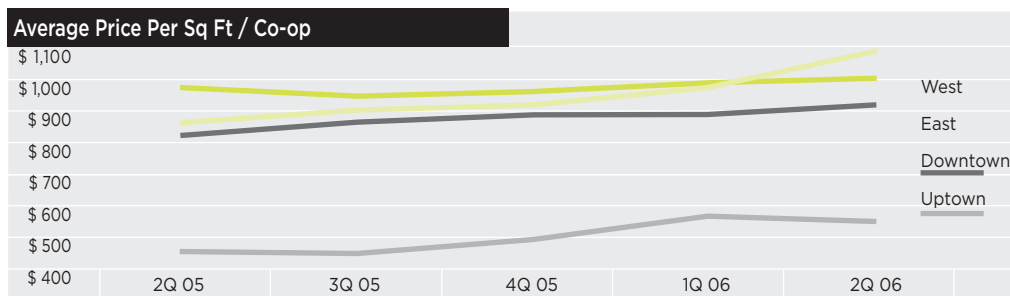
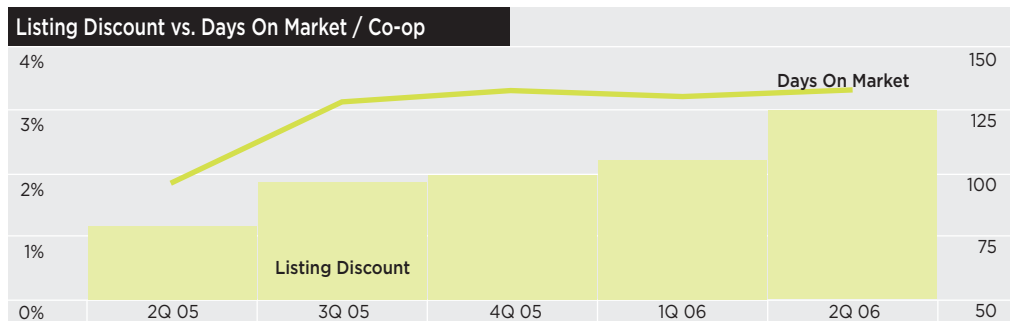
CO-OP Market

Price indicators continued to set records as larger units gain market share

All three price indicators reached record levels The average sales price reached a record \$1,296,452 this quarter, up 17.6% from the prior year quarter average sales price of \$1,102,640 and up 18.6% from the prior quarter average sales price of \$1,093,361. The average sales price dipped in the second half of 2005 as the upper end of the market saw a lower number of sales. This market appears to have returned to normal activity levels since the beginning of 2006. The average sales price per square foot fell just short of \$1,000 this quarter but still set a record at \$995, up 14.5% from the \$869 price per square foot seen in the prior year quarter and up 6.6% over the prior quarter price per square foot of \$933. Median sales price saw a similar pattern setting a record this quarter at \$722,000, up 15.5% above the prior year quarter of \$625,000 and up 8.6% above the prior quarter median sales price of \$665,000.

Listing inventory continued to rise as the number of sales fell There were 4,105 units available for sale at the end of this quarter, up 30.8% over the 3,138 units available in the prior year quarter, but still below levels seen in the first half of 2003, when inventory remained above 4,100 units for 6 consecutive months. Inventory climbed because demand fell as evidenced by the lower number of sales this quarter. There were 831 co-op sales tracked this quarter, down 34.5% from the 1,269 units seen in the prior year quarter and 10.8% below the 932 units sold in the prior quarter. This was the second consecutive quarter that the number of co-op unit sales was less than the number of condo sales despite the fact that the housing stock of co-op apartments is approximately three times that of condos. Virtually all new units added to the housing stock have come in the form of condos whether it is new construction or conversion.

Market share of entry-level units dropped, days on market expanded Studio and 1-bedroom units, considered the entry-level segment dropped to a 52% market share, down from 59% in the prior quarter. The share of this



Co-op Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$1,296,452	18.6%	\$1,093,361	17.6%	\$1,102,640
Average Price per Square Foot	\$995	6.6%	\$933	14.5%	\$869
Median Sales Price	\$722,000	8.6%	\$665,000	15.5%	\$625,000
Number of Sales	831	-10.8%	932	-34.5%	1,269
Days on Market (From Last List Date)	138	4.5%	132	40.8%	98
Listing Discount (From Last List Price)	3%		2.2%		1.2%

Co-op Apartment Mix	% of Total	Avg. Price
Studio	16%	\$375,882
1 bedroom	36%	\$600,046
2 bedroom	39%	\$1,491,128
3 bedroom	6%	\$3,322,990
4+ bedroom	3%	\$7,056,179

segment may stay at this level or see a reduced share if mortgage rates continue to rise. The entry-level co-op market had been the beneficiary of the recent housing boom, as renters became first-time buyers. Prices weakened in this category alone as compared to the prior quarter with studios down 3.9% and 1-bedroom units down 6.6%. The average number of days to sell a co-op unit this quarter was 138 days, up 40 days from the 98 days on the market that was the average in the prior year quarter. This indicator is still below levels seen in late 2002 and early 2003 when the average was consistently above 140 days. The listing discount, or the flexibility of the seller, averaged 3% up from 1.2% in the prior year quarter and up 2.2% from the prior quarter. As inventory rose, buyers had more choices this quarter and took longer to make a purchase decision. This in turn made sellers more negotiable from their list price.

The East Side saw the largest price gains Of the four general market areas: East Side, West Side, Downtown and Uptown, the East Side was the first co-op market area to exceed \$1,000 per square foot, increasing 27.1% to \$1,097 over the prior year quarter from \$863 per square foot.

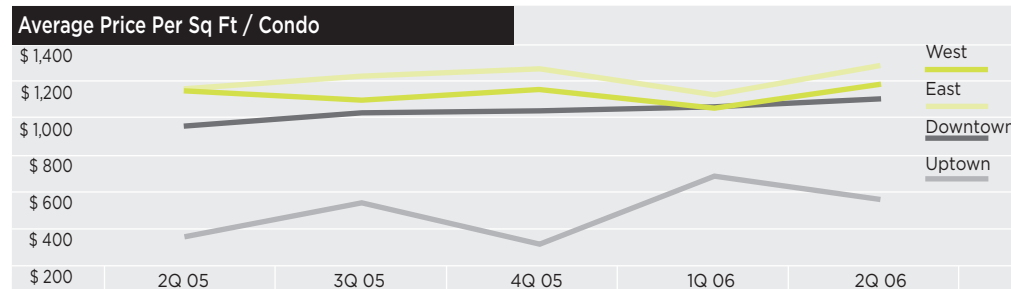
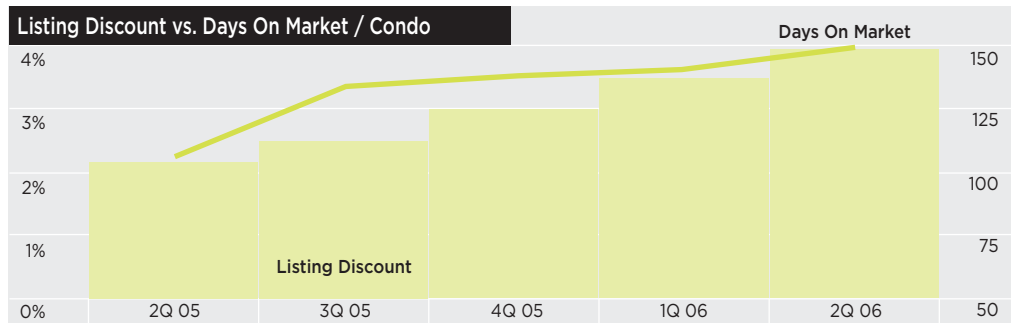
CONDO Market

Prices and the number of sales increased, despite rise in inventory

Price indicators were mixed this quarter The average sales price dropped this quarter as compared to the same period last year while average price per square foot and median sales price rose. The average sales price was \$1,453,803 this quarter down 7.4% from the record \$1,570,375 average sales price set in the prior year quarter and down 1.9% from the \$1,481,219 set in the prior quarter. The average price per square foot was a record \$1,149 this quarter up 5.5% over the \$1,089 price per square foot record set in the prior year quarter and up 7.9% over the prior quarter average price per square foot of \$1,065. This is the sixth consecutive quarter that this indicator has remained above \$1,000 per square foot. Median sales price edged up 1% to a record \$990,000 this quarter from the \$980,000 median sales price reached in the prior year quarter and increased 1.5% from the prior quarter median of \$975,000.

Listing inventory has nearly doubled over the year There were 3,535 condos listed for sale this

quarter, the highest level seen since 1999 when this indicator was first captured for this report. Levels are up 93.5% over the prior year quarter total of 1,827 and up 20.5% above the prior quarter total of 2,933. Inventory levels recently bottomed out in the fourth quarter of 2004 at 1,538 units which was the lowest level in more than three years. Rising mortgage rates have tempered demand which caused the number of new units entering the market to build up. Roughly 60% of the rise in the number of units available for sale is attributable to new development, which also competes for buyers with re-sale activity. Nearly all new units added to the housing stock have been delivered as condos, whether it is in the form of new construction or conversion from rental, commercial or manufacturing buildings. The motivation for this long-term trend toward condo has been the premium realized over co-op units with similar amenities. Condos comprise 46.3% of the co-op/condo inventory, which is the highest share tracked since 1999 when this data point was first collected. The share of condo listings remained consistently in the 32% to 36% range from 2000 through early 2005, when the market share of condo inventory began to rise. The increase in inventory has expanded the time it takes to sell a condo unit.



Condo Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$1,453,803	-1.9%	\$1,481,219	-7.4%	\$1,570,375
Average Price per Square Foot	\$1,149	7.9%	\$1,065	5.5%	\$1,089
Median Sales Price	\$990,000	1.5%	\$975,000	1.0%	\$980,000
Number of Sales	1,103	2.8%	1,073	10.1%	1002
Days on Market (From Last List Date)	149	3.5%	144	39.3%	107
Listing Discount (From Last List Price)	3.9%		3.4%		2.1%

Smaller units gained market share and price appreciation

The market share of entry-level units comprised of studio and 1-bedroom units were 48% this quarter, up from 41% in the prior quarter. The increase in demand was reflected in the average prices since these categories were the only units to show price increases as compared to the prior year quarter. The average sales price of a studio unit increased 16.5% to \$524,665 from \$450,503. The 1-bedroom unit average sales price followed a similar pattern, rising 12.6% to \$815,706 from \$724,463. Over the same period, larger unit prices slipped. The average sales price of a 2-bedroom unit fell 2.7% to \$1,769,844 from the prior year quarter average of \$1,819,782, and the average sales price of a 3-bedroom unit fell 2.6% to \$3,811,823 from \$3,914,963 in the prior year quarter. The 4-bedroom price change was based on too small a data sample to indicate a reliable pattern.

Condo Apartment Mix	% of Total	Avg. Price
Studio	12%	\$524,665
1 bedroom	36%	\$815,706
2 bedroom	45%	\$1,769,844
3 bedroom	5%	\$3,811,823
4+ bedroom	2%	\$6,350,100

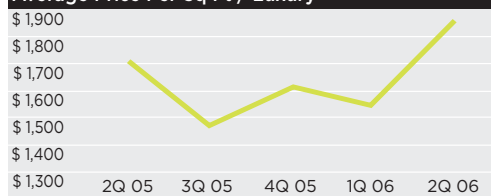
LUXURY Market

The luxury sector showed third consecutive quarterly gains

Price indicators were at or near record levels

Record Wall Street bonus income had a direct impact on the luxury market segment this quarter. The average sales price of a luxury unit exceeded \$5,000,000 for the second time this quarter, the first being the prior year quarter. The average sales price was \$5,013,147 down 3% from the prior year quarter record average sales price of \$5,166,644 but up 10.2% above \$4,547,201 in the prior quarter. Average price per square foot exceeded

Average Price Per Sq Ft / Luxury



\$1,800 for the first time this quarter increasing 7.9% to \$1,842 per square foot from \$1,707 price per square foot in the prior year quarter. This was 19.3% above the prior quarter average price per square foot of \$1,544 which had been the third consecutive quarter below the prior year quarter average price per square foot of \$1,707.

Total velocity was the second highest on record

There was \$967,537,371 worth of luxury sales velocity this quarter, comprising 36.1% of the total market velocity of \$2,680,897,262. This was the second highest velocity on record, after the \$1,126,328,392 total seen in the prior year quarter. The second quarter tends to have the highest velocity of any given quarter. However, the

market share of the luxury velocity of 36.1% was lower than eight other quarters since we began tracking this indicator in 2001.

The average size of a luxury unit fell

The average size of a luxury unit was 2,722 square feet this quarter, down 10.1% from the prior year quarter average of 3,027 square feet and down 7.6% from the 2,945 square foot average in the prior quarter. The luxury market does not show seasonal trends in size. Since the sector is small and the price points are high, it largely comes down to the type of inventory available at any given time.

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.

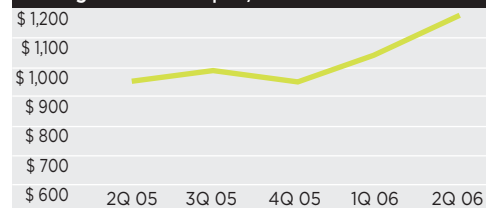
Luxury Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$5,013,147	10.2%	\$4,547,201	-3%	\$5,166,644
Average Price per Square Foot	\$1,842	19.3%	\$1,544	7.9%	\$1,707
Median Sales Price	\$4,000,000	17.6%	\$3,400,000	5.3%	\$3,800,000
Number of Sales	193	-3.5%	200	-11.5%	218
Days on Market (From Last List Date)	150	-3.2%	155	11.1%	135
Listing Discount (From Last List Price)	4.2%		4%		2.4%

LOFT Market

All price indicators set records as number of sales increase

All price indicators set records The average sales price of a loft unit fell short of the \$2,000,000 threshold this quarter, but set a record anyway. The average sales price of a loft was \$1,974,623, up 15.4% over the prior year quarter average sales price of \$1,711,123 and 8.1% above the prior quarter average sales price of \$1,825,958. The average price per square foot remained above the \$1,000 per square foot threshold for the second consecutive quarter, reaching a record \$1,170 per square foot. This was 24.2% above the prior year quarter average price per square foot of \$942 and 12.2% above the prior quarter average price per square foot of \$1,043. Median sales price followed the same pattern reaching the \$1,500,000 threshold this quarter which was a 1.7% increase above the prior year quarter median sales price of \$1,475,000 and 2% above the prior quarter median sales price of \$1,470,000.

Average Price Per Sq Ft / Loft



The velocity of loft units reached a record \$430,467,814. This was 16.1% of total market velocity, the highest share in nearly four years.

Listing inventory increased and days on market expanded

There were 376 loft re-sale and new development units this quarter up 4.2% over the prior year quarter total of 361 units and 10.3% above the prior quarter total of 341 units. It would appear that, despite the robust price increases and the rise in the number of sales, other indicators are suggesting a modest easing in the next few quarters. The average days on market expanded by 20 days over the past year to 132 days this quarter and the listing discount or negotiability expanding to 3.5% this quarter from the prior year quarter average of 2.7%.

Number of sales and velocity increases Loft sales were one of the few categories that increased this quarter. There were 218 sales, which was 1.4% below the prior year quarter total of 221 units and was above all subsequent quarters. The market share of lofts was 11.3% of the total number of the sales in the overall market, which was the highest market share in four years.

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 Yr Qtr
Average Sales Price	\$1,974,623	8.1%	\$1,825,958	15.4%	\$1,711,123
Average Price per Square Foot	\$1,170	12.2%	\$1,043	24.2%	\$942
Median Sales Price	\$1,500,000	2%	\$1,470,000	1.7%	\$1,475,000
Number of Sales	218	16.6%	187	-1.4%	221
Days on Market (From Last List Date)	132	5.6%	125	17.9%	112
Listing Discount (From Last List Price)	3.5%		3.1%		2.7%

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