

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

4Q 05



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The Prudential Douglas Elliman Manhattan Market Overview, recognized as the industry standard, is the undisputed source for the most accurate and comprehensive assessment of the co-op and condo sales market in New York City. Whether buying or selling, this report will provide you with invaluable information regarding the strength of Manhattan's apartment market. For an expert valuation of your home or the latest information on available properties in any neighborhood, please contact me at Office 212.727.6157 or Mobile 917.609.1702 for a complimentary consultation.

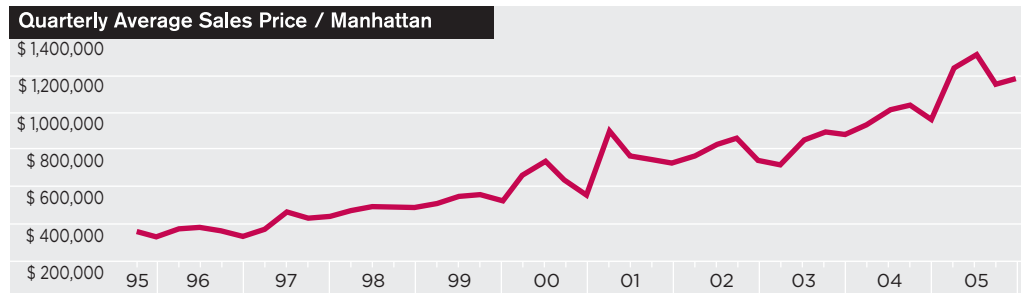
Prepared by Miller Samuel Inc.
A Manhattan residential real estate appraisal company

Prices continue to trend upward as the number of sales drops sharply

Price indicators showed modest gains over prior quarter All three price indicators showed modest gains over the prior quarter and significant gains over the prior year quarter. The average sales price of a Manhattan apartment was \$1,187,404, up 3.3% over the prior quarter average of \$1,149,813 and 20.3% above the prior year average of \$987,257. Median sales price and average price per square foot followed similar patterns. The median sales price was \$760,000, up 1.3% over the prior quarter median of \$750,000 and 25.6% above the prior year median of \$605,000. The average price per square foot was \$1,002, up 1.8% over the prior quarter average price per square foot of \$984 and 28.5% above the prior year average price per square foot of \$780. After two consecutive quarters of consistent price levels, the market appears to have entered a period of modest growth, in sharp contrast to the rapid appreciation seen over the past several years.

The number of sales dropped sharply this quarter as inventory increased There were 1,574 sales tracked in the current quarter, 21.2% below the 1,997 units tracked in the prior quarter and 27.2% below the prior year quarter of 2,161. There is typically a drop in the number of the sales between the third and fourth quarters, in fact, it has been the only quarter to date that has seen a drop during the course of a year. The change in the number of

Manhattan Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$1,187,404	3.3%	\$1,149,813	20.3%	\$987,257
Average Price per Sq Ft	\$1,002	1.8%	\$984	28.5%	\$780
Median Sales Price	\$760,000	1.3%	\$750,000	25.6%	\$605,000
Number of Sales	1,574	-21.2%	1,997	-27.2%	2,161
Days on Market (From Last List Date)	137	3.0%	133	43.0%	96
Listing Discount (From Last List Price)	2.5%		2.2%		1.5%
Listing Inventory	5,964	3.5%	5,764	52.1%	3,922



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

sales from the third quarter to the fourth quarter averaged a 6.7% decline since 1989. The 21.2% drop is the largest quarter over quarter drop in the number of sales in more than 10 years. Conversely, the number of listings for the quarter rose as compared to the prior quarter and prior year quarter. There were 5,964 listings at the end of the current quarter, up 3.5% from 5,764 listings in the prior quarter and up 52.1% over the 3,922 listings in the prior year quarter which is the lowest level of inventory seen since the second quarter of 2001.

Price gains were evenly distributed by region, mix of apartments held The Manhattan market saw modest price gains across the four regions

tracked: Downtown, Eastside, Westside and Uptown on a per square foot basis as compared to the prior quarter but all were up sharply as compared to the prior year quarter. The Westside average price per square foot showed the largest quarter over quarter gain, rising 5.3% to \$1,072 per square foot over the prior quarter price per square foot average of \$1,018. The Downtown, Eastside and Uptown markets all saw similar quarter over quarter gains of 1.4%, 1.2% and 1.3% respectively for an annualized rate of appreciation of just over 5% since last quarter. The single digit annualized change in price per square foot from the prior quarter marks a pronounced easing of appreciation as

compared to the annual change from the prior year quarter. The greatest annual growth was seen in the Uptown market, rising 39.6% over the prior year quarter. The annual rate of appreciation in the Uptown market has been double the annual rate of the remainder of Manhattan for the past several years. The Downtown, East Side and West Side markets saw annual gains of 18.5%, 24.1% and 22.5% respectively.

The average days on market and listing discounts expanded Like the prior quarter, the average days on market and listing discount increased, but not as much as the prior quarter over quarter change. The average days on market – the number of days between the last date the list price changed and contract price date – expanded by 4 days to 137 days. The average listing discount – the percent difference between the last list price and contract price – followed suit, increasing to 2.5% this quarter from the prior quarter average of 2.2%. Both indicators remained within historical norms and illustrate a rebalancing of supply and demand.

The Manhattan housing market appears to have “shifted gears” The market for the quarter can best be characterized by a modest increase in prices with a decline in the number of sales. Prices saw modest gains over the prior quarter suggesting that the market has “shifted gears” from the double digit growth of the past several years to single digit growth, which is more likely to be sustainable in the long term. The sharp drop in the number of sales may be a short term “pause” caused by a plethora of bad economic news last fall. These events included a spike in gasoline prices, economic news related to two major hurricanes and associated inflation concerns, negative news from the Iraq war, rising mortgage rates, the increase of media “bubble talk” and the changing of the guard at the Federal Reserve. A rise in contract activity in December seemed to signal an increase in activity in the first quarter.

CO-OP Market

Price per square foot and median set records as listing inventory leveled off

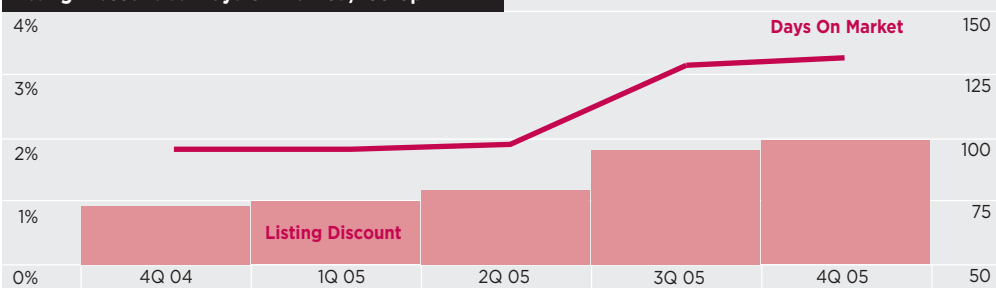
The average price per square foot and median sales price set records Like the prior quarter, the average price per square foot and median sales price set records. Price per square foot increased 2.4% to \$908 per square foot from the prior quarter record of \$887 and was up 25.4% over the prior year quarter of \$724, a record then. Median sales price showed a similar pattern, rising 0.2% to a record \$650,000 over the prior quarter median of \$649,000 and 23.3% over the prior year quarter median of \$527,000. Average sales price returned to above the million dollar threshold at \$1,020,161, the second highest average sales price on record.

Listing inventory leveled off as number of sales dropped The number of co-op apartments available for sale was virtually unchanged as compared to the prior quarter. The number of apartments available for sale fell 0.6% to 3,421 units, from the prior quarter total

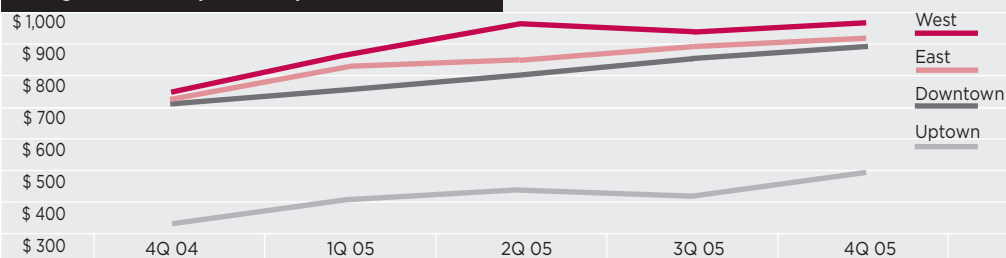
of 3,441 but was up 46.2% over the prior year quarter total of 2,384 units. Inventory levels at the end of 2004 were among the lowest totals on record thereby exaggerating the increase above last year. Current levels are below those seen two years ago. The number of sales fell below 1,000 units for the quarter, a first since 2001. The number of units fell 23.5% to 848 units from 1,109 units in the prior quarter and was 30.3% below the 1,217 units in the prior year quarter. The significant drop in the number of sales appears to be a short-term phenomenon attributable to the negative economic environment seen in the early fall.

Listing discount and days on market stabilized After a significant expansion in the average days on market in the prior quarter, there was a nominal increase in the number of days it took to sell a Manhattan co-op. The average number of days was 133, up 4 days over the prior quarter, but up 42 days over the prior year quarter. The listing discount also saw a similar pattern rising nominally to 2% from 1.9% in the prior quarter and up from 0.9% in the prior year quarter. These indicators are often consistent

Listing Discount vs. Days On Market / Co-op



Average Price Per Sq Ft / Co-op



Co-op Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$1,020,161	6.7%	\$956,490	19.2%	\$855,924
Average Price Per Sq Ft	\$908	2.4%	\$887	25.4%	\$724
Median Sales Price	\$650,000	0.2%	\$649,000	23.3%	\$527,000
Number of Sales	848	-23.5%	1,109	-30.3%	1,217
Days on Market (From Last List Date)	133	3.1%	129	46.2%	91
Listing Discount (From Last List Price)	2.0%		1.9%		0.9%

Co-op Apartment Mix	% of Total	Avg. Price
Studio	22%	\$354,558
1-bedroom	35%	\$604,472
2-bedroom	37%	\$1,349,817
3-bedroom	3%	\$2,584,003
4+ bedroom	3%	\$5,205,087

with the number of sales and listing inventory patterns. Days on market and listing discount are expected to rise if inventory levels increase and the number of sales decreases.

One and two-bedrooms set records as market share continues to dominate mix

The 1-bedroom and 2-bedroom markets comprised 72% of all co-op unit sales in the current quarter, down nominally from 73% in the prior quarter but up from 70% from the prior year quarter. Because of their dominance in market share, they played a significant role on price trends for the quarter. The average sales price of a 1-bedroom apartment was up 0.4% over the prior quarter to \$604,472, a record. The average sales price of a 2-bedroom apartment was up 8.8% over the prior quarter to \$1,349,817, also a record. Studio apartments gained market share of 1% from the prior quarter to 22%, while the average sales price slipped 5.7% to \$354,558, but remained the second highest price on record after the prior quarter record of \$376,035. The market share of 3 and 4-bedroom apartments remained at 6% from the prior quarter.

CONDO Market

Price indicators remained mixed as inventory climbed

Price per square foot set record while the median sales price fell

The average price per square foot of a Manhattan condo reached a record \$1,112 per square foot, up 0.6% over the prior quarter average price per square foot of \$1,105 and up 30.2% over the prior year quarter average price per square foot of \$854. This price indicator has risen for four consecutive quarters and remained above the \$1,000 per square foot threshold for all of 2005. Conversely, median sales price has fallen for the past three quarters after setting a record of \$987,000 in the first quarter of 2005. The indicator dropped to \$980,000 in the second quarter and to \$957,250 in the third quarter.

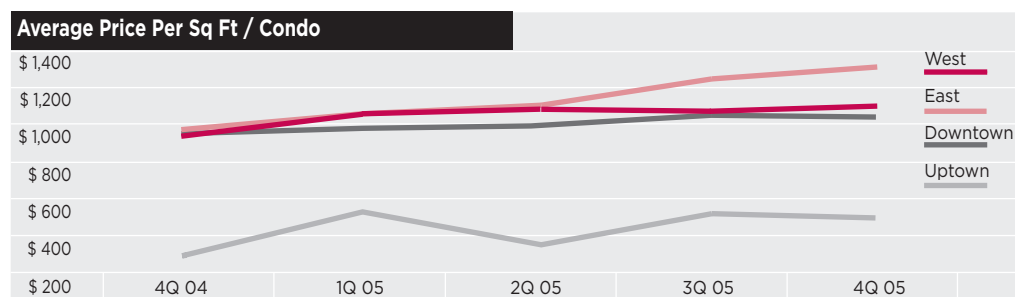
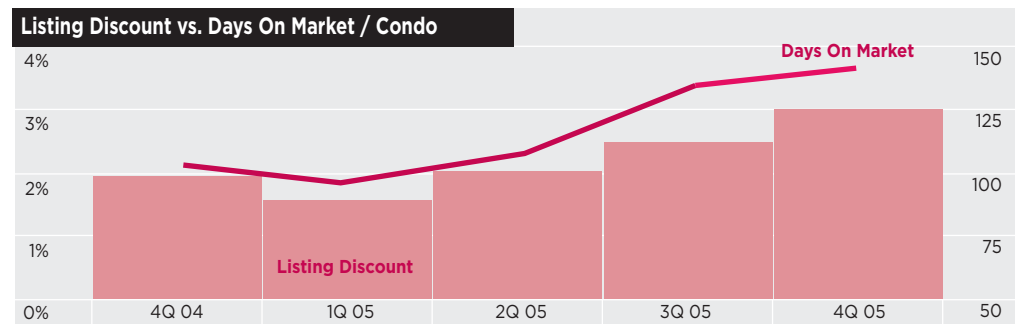
Listing inventory rose for the fourth consecutive quarter

Condo inventory rose throughout 2005 to the highest level seen in the 4 years this indicator has been tracked. There were 2,553 condo re-sale and new development units available for sale, up 9.9% over the prior

quarter total of 2,323 and up 65.3% above the prior year quarter total of 1,538 units. Even though there are roughly double the number of co-op units that sell every quarter versus condos, there were roughly about the same number of co-op and condo units added to inventory. Over the past year, there were 1,037 co-op units added versus 1,005 condo units. This suggests that new condo development is adding inventory at the same pace as re-sales, laying the groundwork for lower appreciation levels over the next several quarters.

The average size of a condo has fallen for three consecutive quarters

Condo units that closed in the fourth quarter averaged 1,243 square feet, 1.2% smaller than the prior quarter average of 1,259 square feet and down 8.2% from the prior year quarter average size of 1,496 square feet. This has been one of the primary reasons the average sales price has fallen in the latter half of 2005 while price per square foot rose. The recent trend in new development has been to include smaller units within the overall mix due to the focus on larger units over the past five years. The average square footage of a Manhattan condo unit to have sold within the past 5 years was 1,451 square feet, well above the averages seen in the second half of 2005.



The listing discount and average days on market weakened this quarter

New development and re-sale condo units took an average of 141 days to sell this quarter, up 4 days from the prior quarter average of 137 days and up 39 days from the prior year quarter average of 102 days. The average days on market tends to be longer for co-ops than condos in these studies because it includes sales within new developments. The average listing discount was 3% this quarter, up from 2.5% over the prior quarter and up from 2% over the prior year quarter. With a disproportionate amount of inventory entering the market as condo, these indicators may weaken further over the next few quarters. The average sales price remained essentially unchanged at \$1,382,751 in the current quarter compared to \$1,391,248 in the prior quarter and rose 19.6% above the \$1,156,571 average sales price in the prior year quarter.

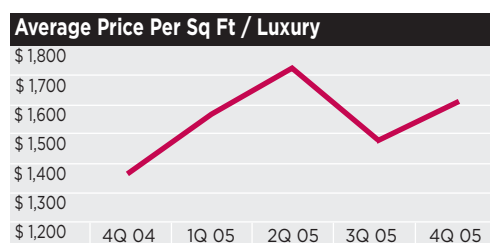
Condo Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$1,382,248	-0.6%	\$1,391,248	19.6%	\$1,156,571
Average Price Per Sq Ft	\$1,112	0.6%	\$1,105	30.2%	\$854
Median Sales Price	\$900,000	-6.0%	\$957,250	22.9%	\$732,500
Number of Sales	726	-18.2%	888	-23.1%	944
Days on Market (From Last List Date)	141	2.9%	137	38.2%	102
Listing Discount (From Last List Price)	3.0%		2.5%		2.0%

Condo Apartment Mix	% of Total	Avg. Price
Studio	13%	\$508,917
1-bedroom	39%	\$788,234
2-bedroom	41%	\$1,780,236
3-bedroom	6%	\$2,945,629
4+ bedroom	1%	\$12,657,333

LUXURY Market

Prices gained over prior quarter and prior year quarter, but with more volatility

Prices increased as compared to prior and prior year quarters The average sales price of a luxury apartment increased 8.2% from \$4,138,270 over the prior quarter average of \$3,824,079. This was a larger quarter over quarter gain than the overall market increase of 3.3% that was largely due to the suppressed luxury average sales price in the third quarter. Due to the pause in activity seen in the luxury market in the third quarter, the price indicators



showed a price decline when no decline in nominal terms actually occurred. As a result, the data in the current quarter showed higher gains on an annualized basis than the actual quarter over prior quarter numbers.

Average price per square foot was second highest on record The average price per square foot for a luxury apartment was \$1,610 per square foot, second only to the second quarter of 2005, when the average price per square foot was \$1,707. This indicator was up 9% over the prior quarter average price per square foot of \$1,477 and up 18% over the prior year quarter average price per square foot of \$1,364. Both average sales price and median sales price followed the same pattern reaching

the third highest prices in their respective categories this quarter.

In reversal from last quarter, luxury dollar volume set record The dollar volume of the luxury market this quarter was \$827,654,000 or 44.3% of \$1,868,973,896 in overall sales volume. This was the highest ratio of overall sales in the past five years since this indicator was tracked. The record was set because the upper end market continued to see activity, despite the reduced number of sales this quarter.

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.

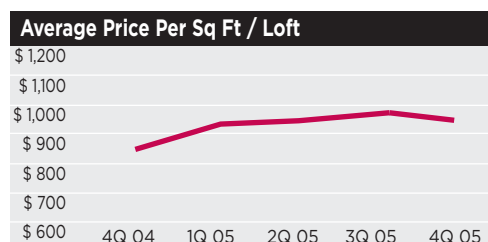
Luxury Market Matrix	Current Qtr	%Chg	Prior Qtr	%Chg	Prior Yr Qtr
Average Sales Price	\$4,138,270	8.2%	\$3,824,079	12.8%	\$3,668,655
Average Price Per Square Foot	\$1,610	9.0%	\$1,477	18.0%	\$1,364
Median Sales Price	\$3,250,000	4.4%	\$3,113,879	10.2%	\$2,950,000
Number Of Sales	157	-21.3%	200	-21.1%	199
Days on Market (From Last List Date)	145	2.1%	142	13.3%	128
Listing Discount (From Last List Price)	3.8%		3.7%		1.8%

LOFT Market

Price indicators were generally higher, but inventory continues to rise

Average price per square foot declined from record set in prior quarter The average price per square foot this quarter was \$941, 11.2% above the prior year quarter price per square foot of \$846 but 4.8% below the record of \$988 set in the prior quarter. After two consecutive quarterly declines, both the average sales price and median sales price posted gains over the prior quarter. The average sales price of a loft apartment was \$1,650,574, up 5.2% over the prior year quarter average of \$1,568,792 and up 5.6% over the prior quarter average of \$1,563,388. Following a similar pattern, the median sales price of a loft apartment was \$1,475,000, up 8.5% over the prior year quarter median of \$1,360,000 and up 9.7% over the prior quarter median of \$1,344,090.

The number of sales fell as the number of listings increased Listing inventory increased for the third consecutive quarter. There were 474



loft units available for sale at the end of the quarter, up 15.6% over the 410 loft units available in the same period last year and up 8% over the 439 units in the prior quarter. Listing inventory increased during the quarter as sales decreased. The number of loft sales dropped to its lowest level since the fourth quarter of 2001, immediately after 9/11, when the total was 59 units. There were 110 sales in the quarter, down

46.3% from the 205 sales seen in the prior year quarter and down 28.1% from 153 units in the prior quarter.

Market share fell as marketing time expanded The number of loft sales as a percentage of the overall market fell to 7% in the current quarter, the lowest share level seen in nearly three years. For the past three years loft units have averaged 8.9% of the number of sales in the overall market. The listing discount was relatively unchanged from the prior year quarter, averaging 2.8% this quarter. The average days on market increased by 20 days to 126 days over the same period.

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	\$1,650,574	5.6%	\$1,563,388	5.2%	\$1,568,792
Average Price Per Square Foot	\$941	-4.8%	\$988	11.2%	\$846
Median Sales Price	\$1,475,000	9.7%	\$1,344,090	8.5%	\$1,360,000
Number Of Sales	110	-28.1%	153	-46.3%	205
Days on Market (From Last List Date)	126	8.6%	116	18.9%	106
Listing Discount (From Last List Price)	2.8%		1.5%		2.9%

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