

MANHATTAN

Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

1Q 09



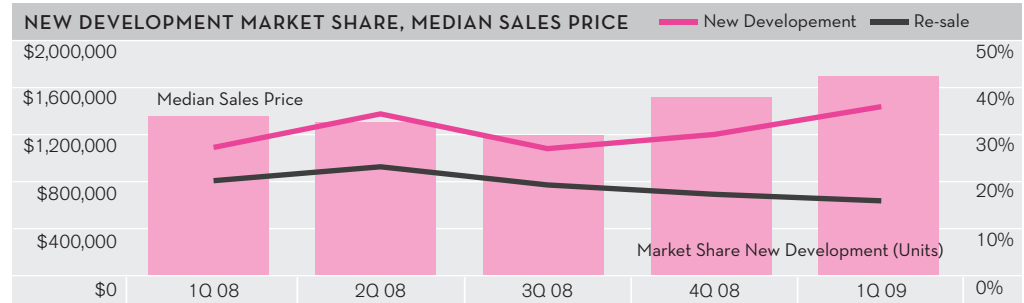
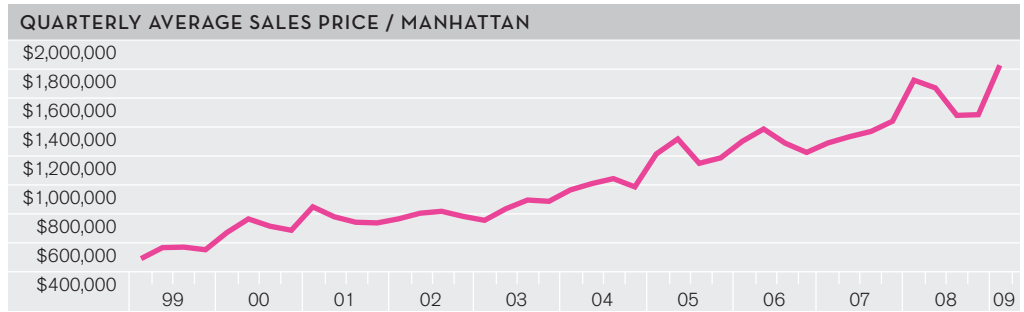
Prepared by Miller Samuel Inc.
A New York residential real estate appraisal company

Re-sale prices and number of sales declined

Current quarter confirms market decline first seen in prior quarter Last fall's rapid change in market conditions established a new housing market that reflected a lower level of activity and a reset of housing prices. The tipping point which occurred last September was largely triggered by the bankruptcy of Lehman Brothers and federal bailouts of AIG, Fannie Mae and Freddie Mac. This marked a sharp contraction of credit, greatly restricting demand as participants had more difficulty obtaining financing. A national recession, rising unemployment and reduced compensation in the financial services sector also played a role in restricting demand. The market reset caused sellers to be more than a year behind the current market, still setting list prices in relation to the last high mark in their respective buildings. This resulted in the expansion of inventory, listing discount and days on market metrics. However, by the end of the first quarter there was a noticeable uptick in contract activity and attendance at open houses. While this is partially attributable to seasonality, it is also a sign of first time qualified buyers seeking to take advantage of improved affordability.

Number of sales off sharply as inventory continued to expand The number of sales declined 47.6% to 1,195 units from 2,282 units in the prior year quarter and down the same amount from the prior quarter. The market share for the

MANHATTAN MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,825,847	22.9%	\$1,485,102	6%	\$1,722,991
Average Price per Square Foot	\$1,259	6.4%	\$1,183	-2.3%	\$1,289
Median Sales Price	\$975,000	8.3%	\$900,000	3.1%	\$945,276
New Development	\$1,505,000	19.4%	\$1,260,000	31.4%	\$1,145,531
Re-Sale	\$675,000	-7.8%	\$732,500	-20.8%	\$852,500
Number of Sales	1,195	-47.6%	2,282	-47.6%	2,282
Days on Market (from Last List Date)	170	7.1%	159	16.5%	146
Listing Discount (from Last List Price)	12.4%		7.3%		3.2%
Listing Inventory	10,445	15%	9,081	34.3%	7,778



Note: inventory methodology has been expanded, inclusive of historical.

number of re-sales has been declining over the past year as compared to new development sales. Re-sales accounted for 57.2% of sales this quarter,

down from 69.5% in the prior year quarter. As a result of the lower number of sales, inventory levels have increased, but not as rapidly as other

periods of lower activity. There has been limited participation by “casual sellers,” owners who place their properties for sale only to test the market, who have opted to wait until conditions have improved. Listing inventory reached 10,445 units at the end of the quarter, up 34.3% from 7,778 units in the prior year quarter and up 15% from 9,081 units in the prior quarter. Inventory levels are at their highest in the decade this metric has been tracked. The prior high was set in the third quarter of 2006 when inventory reached 9,573 units.

Re-sale price indicators declined sharply, yet new development prices rose The median sales price of a Manhattan re-sale property – defined as any property not sold in a newly constructed or converted development – fell 20.8% to \$675,000 from \$852,500 in the same period last year. Conversely, the median sales price of a new development sale increased 31.4% to \$1,505,000 from the median sales price of \$1,145,531 in the prior year quarter. This jump was caused by significant skew in higher priced closings rather than a rising price trend. In addition, the price negotiated in a new development sale transaction was likely reached twelve to 18 months ago, reflective of the robust conditions that existed at that time. The lag time combined with the rise in market share of new development sales – caused primarily by a sharp decline in re-sale activity – resulted in mixed trends in the overall price indicators. As a result, the median sales price of a Manhattan apartment was \$975,000 this quarter, up 3.1% over the median sales price of \$945,276 in the same period last year.

Marketing time metrics weakened The average listing discount – the difference between the contract price and the list price in place at contract – jumped to 12.4% from 3.2% in the prior year quarter and 7.3% in the prior quarter. As listing inventory rises, the spread between list price and sales price tends to expand as sellers fall behind the declining market when setting their list prices, especially when there is rapid change in market conditions. Days on market saw the same pattern, expanding to 170 days, more than 3 weeks longer than the 146 days on market seen in the same period last year.

CO-OP *market*

Prices indicators and number of sales dropped

All price indicators showed sharp declines

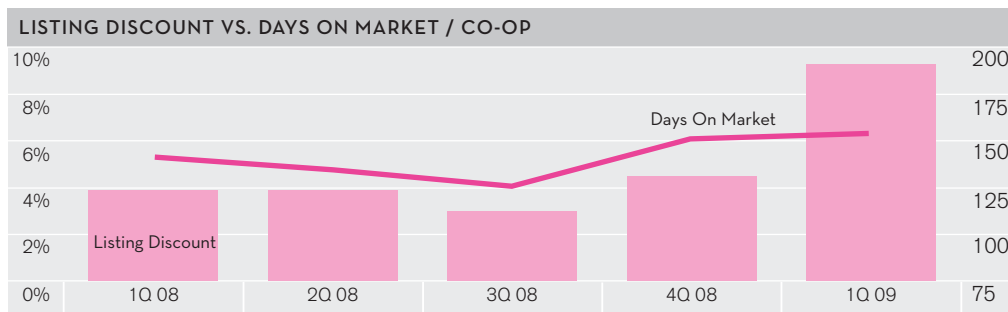
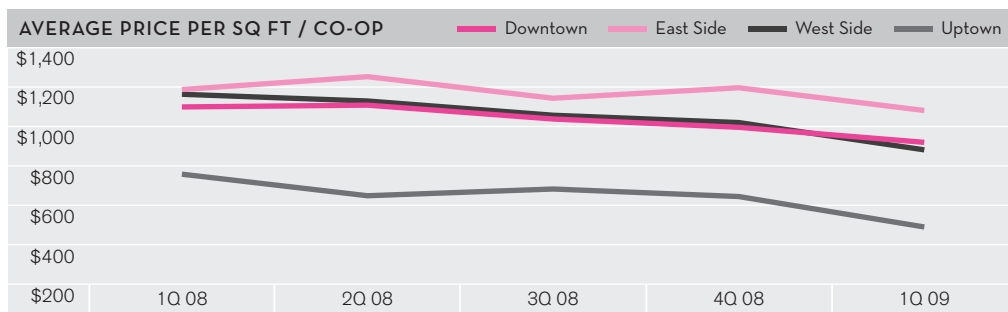
The co-op market is a better barometer for housing price trends than condos because of the absence of new development as a significant property type. New development has caused significant price skew over the past several years as a function of its higher price concentration and its frequent 12 to 18 month lag time between contract date and actual closing date. The median sales price of a Manhattan co-op was \$587,500 in the current quarter, down 21.7% from the \$750,000 median sales price of the prior year quarter and down 13% from the prior quarter median sales price of \$675,000. The current median sales price falls between the fourth quarter 2004 median sales price of \$527,000 and the first quarter 2005 median sales price of \$610,000. The average sales price was \$1,193,144 this quarter, down 14.4% from the prior year quarter average sales price of \$1,393,548.

Average price per square foot saw the same pattern, falling 14.2% to \$968, from \$1,128 in the same period last year.

Number of sales dropped sharply as inventory expanded

There were 414 co-op sales in the first quarter, down 58.8% from the 1,004 sales of the prior year quarter. The highest number of co-op sales in a single quarter was reached in the third quarter of 2007 when there were 1,811 sales. As a result of the lower pace of sales, listing inventory has been rising. There were 4,807 co-ops on the market at the end of the quarter, up 33.4% from the prior year quarter total of 3,603 and 26.2% higher than the prior quarter total of 3,808. Despite the rise in inventory, which is expected this time of year and has risen in six of the past seven years, when comparing the fourth to first quarter transitions, it still remains well below the high mark set in the first quarter of 2003 with 5,484 units.

Co-op market share slipped The market share of co-op sales dropped sharply from the prior quarter and the prior year quarter. Co-ops accounted for 34.8% of all sales this quarter,



CO-OP MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,193,144	-1.7%	\$1,213,382	-14.4%	\$1,393,548
Average Price per Square Foot	\$968	-8.6%	\$1,059	-14.2%	\$1,128
Median Sales Price	\$587,500	-13%	\$675,000	-21.7%	\$750,000
Number of Sales	414	-58%	985	-58.8%	1,004
Days on Market (from Last List Date)	155	2%	152	9.2%	142
Listing Discount (from Last List Price)	9.3%		4.5%		3.9%
Listing Inventory	4,807	26.2%	3,808		3,603

CO-OP APARTMENT MIX	% of Total	Median Price
Studio	26%	\$365,000
1 bedroom	40%	\$580,000
2 bedroom	26%	\$1,125,000
3 bedroom	5%	\$3,425,000
4+ bedroom	3%	\$8,980,000

down from 44% in the prior year quarter and about half the market share of the same period five years ago, which was the first quarter of 2004, when the market share was 63.6%. The drop in co-op market share was attributable to the surge of condo new development activity that has been added to the housing stock, not weaker interest in the co-op form of ownership.

Days on market rose as listing discount jumped As the pace of sales drops and inventory expands, the length of time it takes to market a property correspondingly expands and negotiability increases. The number of days a property was on the market in the first quarter was 155 days, nearly two weeks longer than the 142 days on market average of the same period last year. This is the highest level reached for this indicator in the decade it has been tracked. Listing discount was 9.3% for the quarter, more than two times the 3.9% listing discount of the same period last year and higher than the 4.5% listing discount of the prior quarter.

CONDO *market*

Overall price indicators mixed as number of sales declined

New development prices rose as re-sale prices fell The overall median sales price of a Manhattan condo was \$1,227,200 this quarter, up 5.8% from the same period last year which had a median sales price of \$1,160,000. The average sales price was \$2,161,237 this quarter, up 9.1% from the \$1,981,802 average sales price of the prior year quarter. The average price per square foot was \$1,413 in the first quarter, essentially unchanged from the prior year quarter price per square foot of \$1,416. The mixed results of these price indicators were caused by the rise in the size of new development units that happened to close in the quarter, which more than offset the decline in re-sale prices. The average square footage of a new development condo this quarter was 1,680 square feet, up 39.7% from the same period last year. Conversely, the average square footage of a re-sale condo was slightly smaller this quarter than the prior year quarter. Average square footage was 1,222, down 1% from 1,234 square feet

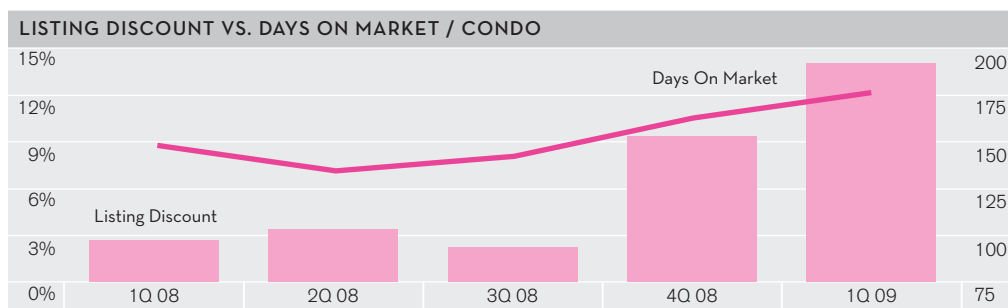
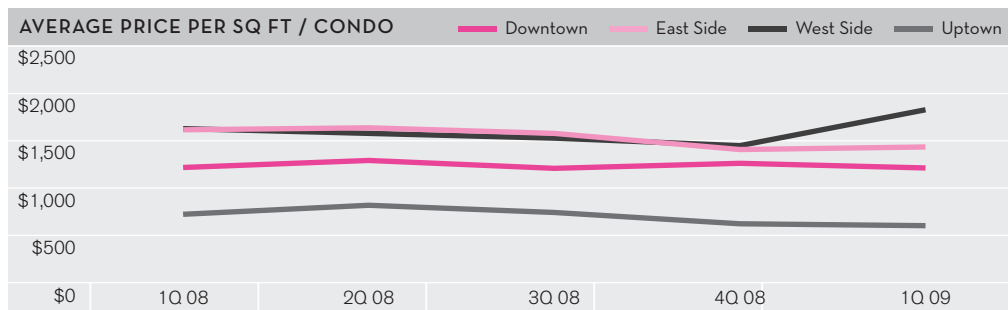
during the same period last year. This provided significant skew to the average sales price and median sales price indicators. The median sales price of a condo in a new development project was \$1,525,000, up 33.4% from the prior year quarter median sales price, while the median sales price of a condo re-sale was \$985,000, down 15.7% from the \$1,169,000 median sales price in the same period last year.

Number of sales declined as inventory expanded

There were 5,638 condos available for sale at the end of the quarter, up 35% from the 4,175 units in the same period last year. This is the highest level of condo inventory in the decade since this metric has been tracked and includes both re-sale and new development listings. Inventory results do not include "shadow inventory" which are completed or nearly completed units that are ready to enter the market, but have not been formally offered for sale. Until recently these units have remained relatively constant, but are now believed to be higher than the total inventory tracked in this report as lower sales activity has had the effect of backing up supply ready to enter the market. There were 781 sales this quarter, down 38.9% from the 1,278 units closed during the same period last year. This is the lowest level of activity since the fourth quarter of 2005, when there were 726 sales closed. This was immediately followed by what was designated as the end of the housing boom in New York in mid-2005, a period characterized by 20% annual price growth.

Days on market, listing discount expanded

According to the days on market indicator, the average Manhattan condo took 178 days to sell this quarter, 29 days longer than the 149 days on market set in the same period last year. This was the highest level reached in the decade this metric has been tracked. This is largely a function of increasing inventory and the contraction of credit, providing more choices for fewer potential purchasers. The listing discount jumped to 14.1% this quarter, up sharply from the 2.7% listing discount of the prior year quarter and up from the already high 9.4% listing discount of the prior quarter.



CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$2,161,237	27.8%	\$1,691,459	9.1%	\$1,981,802
Average Price per Square Foot	\$1,413	10.6%	\$1,277	-0.2%	\$1,416
Median Sales Price	\$1,227,200	9.6%	\$1,120,075	5.8%	\$1,160,000
Number of Sales	781	-39.8%	1,297	-38.9%	1,278
Days on Market (from Last List Date)	178	8.5%	164	19.5%	149
Listing Discount (from Last List Price)	14.1%		9.4%		2.7%
Listing Inventory	5,638	6.9%	5,273	35%	4,175

CONDO APARTMENT MIX	% of Total	Median Price
Studio	10%	\$535,000
1 bedroom	32%	\$818,000
2 bedroom	48%	\$1,730,000
3 bedroom	7%	\$4,073,000
4+ bedroom	3%	\$7,500,000

LUXURY market

Price indicators mixed as listing inventory rose

Price indicators trend higher, new development market share jumped

The median sales price saw a sharp gain, while both average sales price and price per square foot had more modest gains. The median sales price of a luxury condominium jumped 32.2% to \$6,595,000 from \$4,989,425 in the prior year quarter. The market share of new development sales within the luxury submarket jumped in the first quarter as re-sale market share dropped. New development sales reflected 68.3% of all luxury sales, more than double the 26.8% market share of the prior year quarter. However, it was a significantly higher skew in re-

sale prices that caused the overall prices to jump in this market segment, not new development. The median sales price of a new development sale was \$6,595,000, down 27.7% from the same period last year while the median sales price of a re-sale jumped 56.4% to \$7,000,000 over the same period.

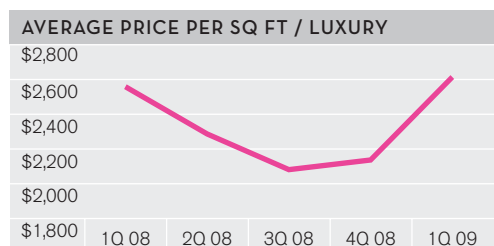
Listing inventory continued to expand There were 1,610 listings available for sale at the end of the quarter, up 25.9% from the same period last year when there were 1,279 listings. Growth in luxury inventory trailed the overall market and represents 15.4% of total inventory, its second lowest market share of the past three years. Luxury inventory had a 16.4% market share in the prior year quarter and a 19.1% market share in the prior quarter. Although inventory is clearly rising, the trend suggests that sellers in this

market segment are more likely than the overall market to wait until conditions improve to list their properties.

Days on market, listing discount increased

Along with a larger supply of listing inventory, it took longer to market a property and involved greater negotiability than the same period last year. The days on market averaged 153 days in the quarter, 18 days longer than the 135 days on market averaged in the prior year quarter. This is 17 days faster than the overall Manhattan market, which has been at a fairly regular pattern for the past two years. The listing discount reached 7.8% this quarter, roughly triple the prior year quarter listing discount of 2.5% and up only nominally from the prior 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	\$7,801,442	40.3%	\$5,559,502	1.7%	\$7,667,413
Average Price per Square Foot	\$2,612	22.6%	\$2,131	2.2%	\$2,556
Median Sales Price	\$6,595,000	59.6%	\$4,132,516	32.2%	\$4,989,425
Number of Sales	120	-47.4%	228	-47.4%	228
Days on Market (from Last List Date)	153	-9.5%	169	13.3%	135
Listing Discount (from Last List Price)	7.8%		7.5%		2.5%
Listing Inventory	1,610	-6.9%	1,730	25.9%	1,279

LOFT market

Price indicators rose, skewed by new development

New development market share surged

The market share of loft new development sales jumped to 74.2% of all loft sales this quarter, up from 29.1% in the same period last year, causing loft price indicators to show across the board gains. The median sales price surged 29.1% to \$2,065,000 this quarter from the \$1,600,000 median sales price in the same period last year. Average sales price and price per square

foot also showed significant increases over the same period. The median sales price of a new development loft nearly doubled over the period, which was caused by a significant increase in the size of units that transferred during the period.

Number of sales fell, listing inventory expanded

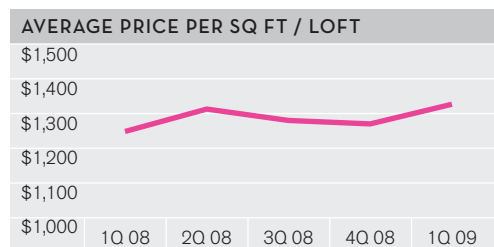
There were 89 loft sales in the first quarter, a 51.1% decline from the 182 sales in the prior year quarter and 42.9% below the 156 sales in the prior quarter. As a result, listing inventory expanded, if only modestly. There were 834 loft apartments available for sale, a 9.5% increase from the 761 listings of the same period last year. Loft apartment activity accounted for 7.4% of all

sales activity and 10.6% of total dollar volume. This is relatively consistent with the 8% market share of units sold and 10.3% of total dollar volume during the same period last year.

Listing discount and days on market increased

The days on market average was 158 days for the quarter, 23 days longer than the 135 days on market average in the prior year quarter. The listing discount was 8.9%, well above the 3.3% listing discount of the same period last year and the highest level of negotiability to occur over the past decade.

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	\$2,597,869	9.9%	\$2,364,485	16.6%	\$2,228,135
Average Price per Square Foot	\$1,325	4.5%	\$1,268	6.3%	\$1,246
Median Sales Price	\$2,065,000	0.7%	\$2,050,000	29.1%	\$1,600,000
Number of Sales	89	-42.9%	156	-51.1%	182
Days on Market (from Last List Date)	158	-1.3%	160	17%	135
Listing Discount (from Last List Price)	8.9%		6.5%		3.3%
Listing Inventory	834	19.5%	698	9.5%	761

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