

BROWN HARRIS STEVENS

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Manhattan Residential Market Report

First Quarter 2005



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Price Growth Continues to Accelerate

The average price for a Manhattan apartment reached a new high in the first quarter, rising 30% over the past year to \$1,169,458. This is also 11% higher than just three months ago. While a growing economy, low interest rates and a supply shortage are the main forces behind this growth, a rise in the number of luxury units sold can also take some credit for this impressive increase. The average price for apartments with four or more bedrooms was just over \$6.6 million, posting the first quarterly rise in this figure since the second quarter of 2004. The dominance of these units is also reflected in the fact that the median price, which is not as influenced by high-end sales, rose at a slightly slower pace. At \$695,000, the median price was 28% higher than during the first quarter of 2004.

The average condominium price jumped to a new level in the first quarter, aided in part by a large number of sales in new developments that commanded substantial prices. At \$1,387,593 the average price was 32% higher than a year ago and 23% higher than the previous quarter. As more units in these new projects continue to sell, we expect their higher prices will continue to drive this market upwards. This trend is also present in the median sales price for condos, which is up 31% over the past year to \$886,500. This shows us that all types of units in this market are selling for substantially more than 2004's first quarter.

For cooperatives, their average sale price of \$1,053,222 marked the second straight quarter above \$1 million. This price was a 28% improvement from the first quarter of 2004. The median price posted an even sharper gain during this time. At \$619,500, it was up 32% and points to the overall strength of the co-op market.

While the low interest rate environment has been the main force behind the market's growth over the past few years, some other factors are beginning to play a more important part. The first of these is the dwindling supply of available apartments in Manhattan. New listings are running well below a year ago, and are particularly low on the West Side. While there are a number of new developments coming on the market to help offset this, they generally command steep prices, and are contributing to the increases in the average price statistics. Also impacting the market are the substantial Wall Street bonuses paid out for 2004. This figure is estimated to approach \$16 billion, and has made strong demand even stronger over the past few months.

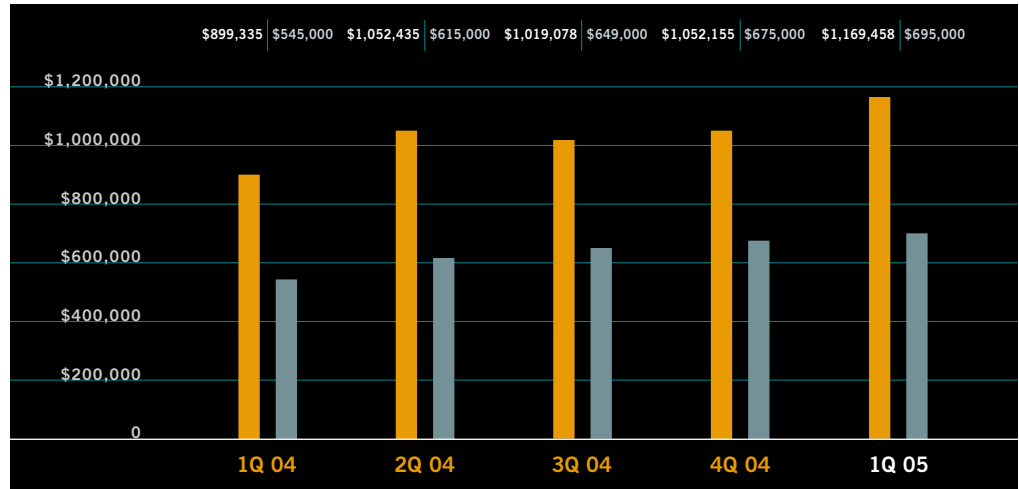
Transaction data for this market report is provided by ValuExchange, a proprietary database that contains data from all Terra Holdings companies and is the largest known survey of the Manhattan residential market. This report is based on 1,938 reported sales.

— Gregory J. Heym
Chief Economist, Brown Harris Stevens

All Cooperatives and Condominiums

Apartment prices now average \$1,169,458 in Manhattan, 30% higher than a year ago. At \$695,000, the median price was 28% higher during this time. This shows that although more high-end sales are taking place than a year ago, the overall market remains strong.

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
1st Q 05	\$6,628,993	\$2,717,187	\$1,315,528	\$581,623	\$326,734	\$1,169,458
4th Q 04	\$4,711,411	\$2,548,310	\$1,164,596	\$551,987	\$326,006	\$1,052,155
3rd Q 04	\$4,973,265	\$2,309,464	\$1,169,495	\$553,225	\$324,730	\$1,019,078
2nd Q 04	\$5,145,762	\$2,402,904	\$1,166,390	\$524,341	\$306,681	\$1,052,435
1st Q 04	\$5,091,421	\$2,191,806	\$1,050,598	\$475,513	\$266,630	\$ 899,335

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
1st Q 05	\$1,344	\$1,158	\$952	\$787	\$731	\$891
4th Q 04	\$1,308	\$1,107	\$838	\$735	\$698	\$813
3rd Q 04	\$1,316	\$1,070	\$866	\$744	\$697	\$824
2nd Q 04	\$1,252	\$1,040	\$809	\$685	\$658	\$777
1st Q 04	\$1,226	\$ 982	\$882	\$623	\$561	\$743

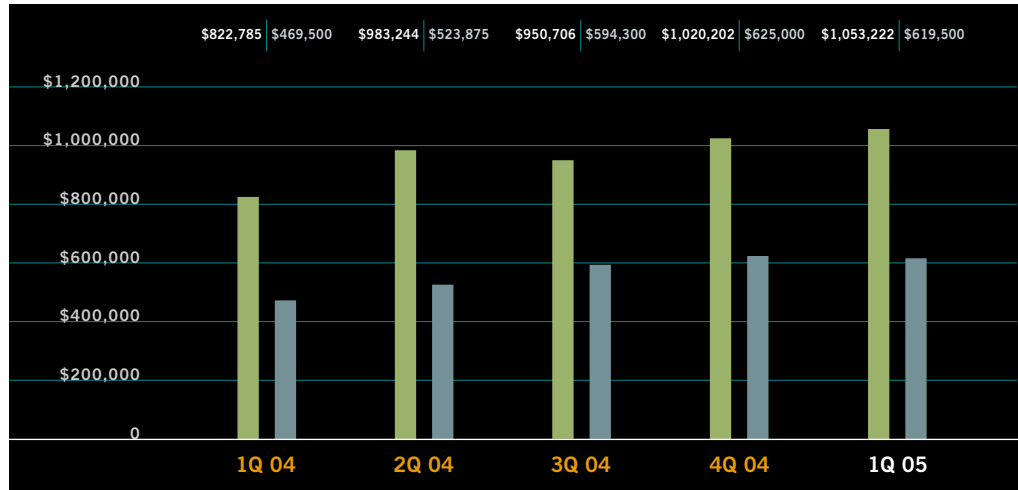
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
1st Q 05	\$657,597	\$419,253	\$283,152	\$182,645	\$150,978	\$247,783
4th Q 04	\$499,396	\$379,118	\$248,042	\$171,890	\$152,195	\$224,962
3rd Q 04	\$598,423	\$354,625	\$249,201	\$171,885	\$150,376	\$224,535
2nd Q 04	\$521,439	\$379,602	\$248,359	\$162,935	\$140,786	\$222,380
1st Q 04	\$520,374	\$328,851	\$223,899	\$149,452	\$123,086	\$195,350

Cooperative Apartments

The cooperative average price remained above \$1 million for the second straight quarter, rising 28% over the past year to \$1,053,222. Showing that the entire market has shifted upward, the median price jumped 32% during this time to \$619,500.

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
1st Q 05	\$5,027,016	\$2,784,150	\$1,242,479	\$528,926	\$299,947	\$1,053,222
4th Q 04	\$4,865,715	\$2,507,697	\$1,125,514	\$499,742	\$295,499	\$1,020,202
3rd Q 04	\$4,533,319	\$2,272,196	\$1,120,269	\$483,163	\$283,958	\$ 950,706
2nd Q 04	\$5,400,900	\$2,419,584	\$1,066,555	\$468,612	\$263,130	\$ 983,244
1st Q 04	\$4,902,273	\$2,045,945	\$ 969,221	\$438,149	\$236,864	\$ 822,785

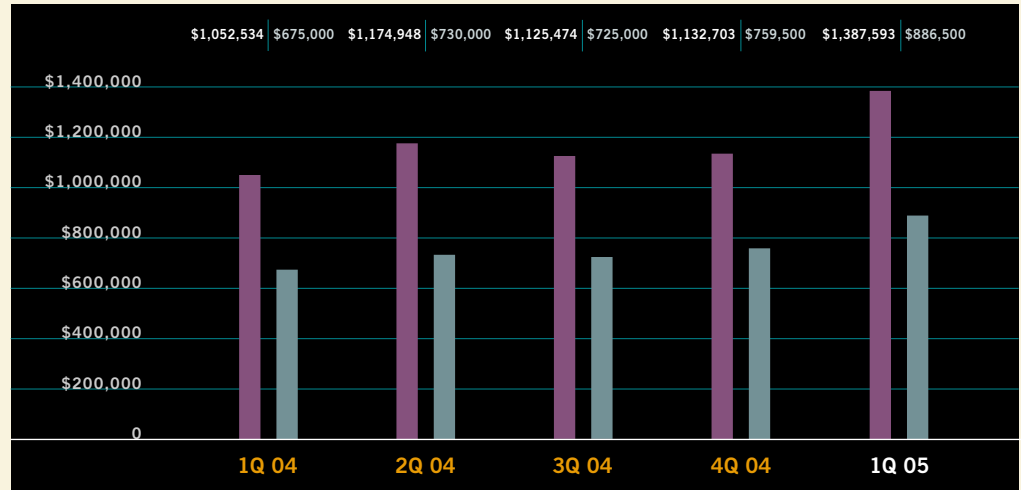
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
1st Q 05	\$580,265	\$401,875	\$255,531	\$163,895	\$137,267	\$218,747
4th Q 04	\$504,845	\$353,378	\$232,749	\$154,924	\$137,859	\$209,049
3rd Q 04	\$513,814	\$325,384	\$226,773	\$150,366	\$130,456	\$198,866
2nd Q 04	\$499,610	\$325,352	\$215,766	\$143,769	\$122,488	\$194,107
1st Q 04	\$451,732	\$287,808	\$195,660	\$136,062	\$108,467	\$171,569

Condominium Apartments

New developments continue to push condominium prices to new levels. At \$1,387,593, their average price was 32% higher than a year ago and 23% higher than the previous quarter. The median price experienced a similar gain, up 31% to \$886,500.

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
1st Q 05	\$6,960,182	\$2,653,699	\$1,430,289	\$673,297	\$406,403	\$1,387,593
4th Q 04	\$4,541,200	\$2,684,513	\$1,270,479	\$650,404	\$401,385	\$1,132,703
3rd Q 04	\$5,619,304	\$2,402,263	\$1,275,785	\$636,023	\$389,662	\$1,125,474
2nd Q 04	\$4,739,793	\$2,421,250	\$1,296,831	\$609,898	\$361,341	\$1,174,948
1st Q 04	\$5,643,799	\$2,426,436	\$1,197,529	\$544,044	\$336,852	\$1,052,534

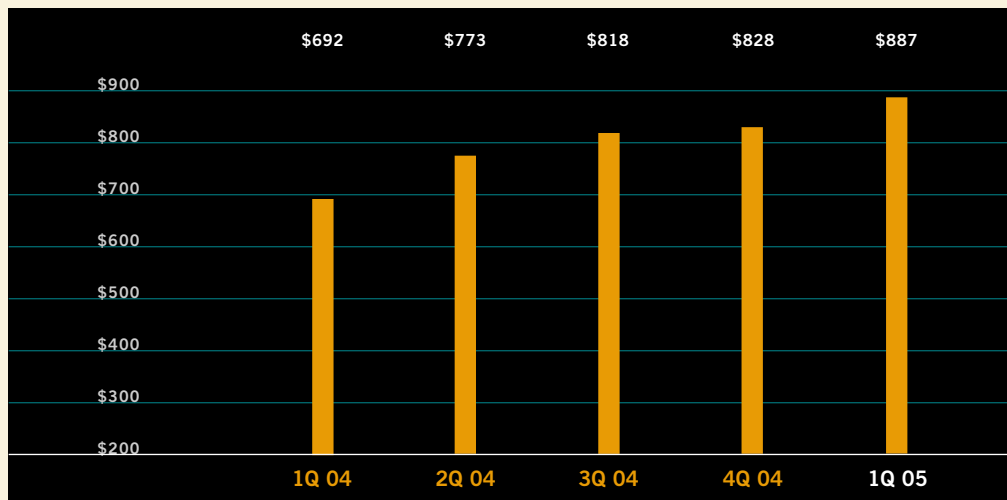
Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
1st Q 05	\$1,783	\$1,304	\$1,061	\$896	\$871	\$1,040
4th Q 04	\$1,413	\$1,226	\$ 957	\$849	\$838	\$ 939
3rd Q 04	\$1,432	\$1,209	\$ 977	\$828	\$812	\$ 927
2nd Q 04	\$1,380	\$1,119	\$ 934	\$790	\$765	\$ 902
1st Q 04	\$1,415	\$1,076	\$ 906	\$702	\$676	\$ 827

Lofts

Lofts commanded an average price of \$887 per square foot in the first quarter, which was a 28% improvement from a year ago.

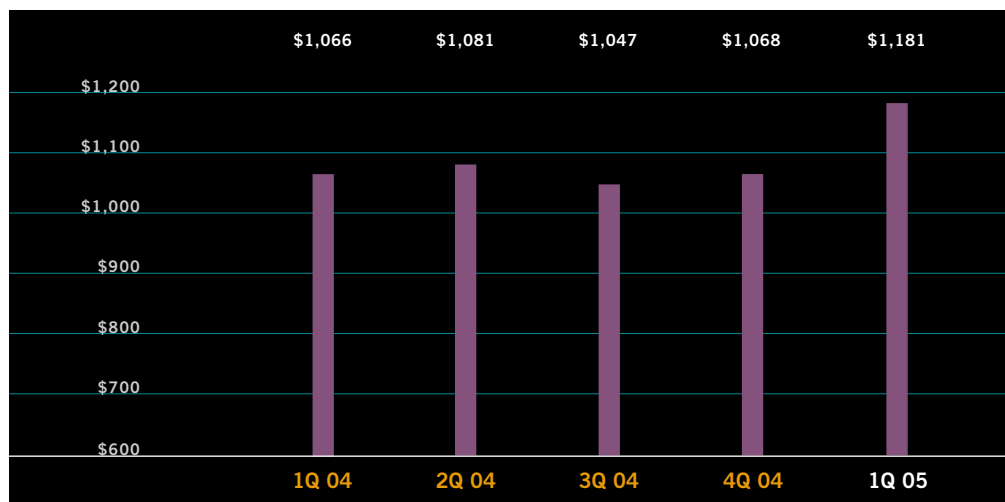
Average Price Per Square Foot



Townhouses

At an average of \$1,181 per square foot, townhouse prices were 11% higher than during the first quarter of 2004.

Average Price Per Square Foot



EAST SIDE

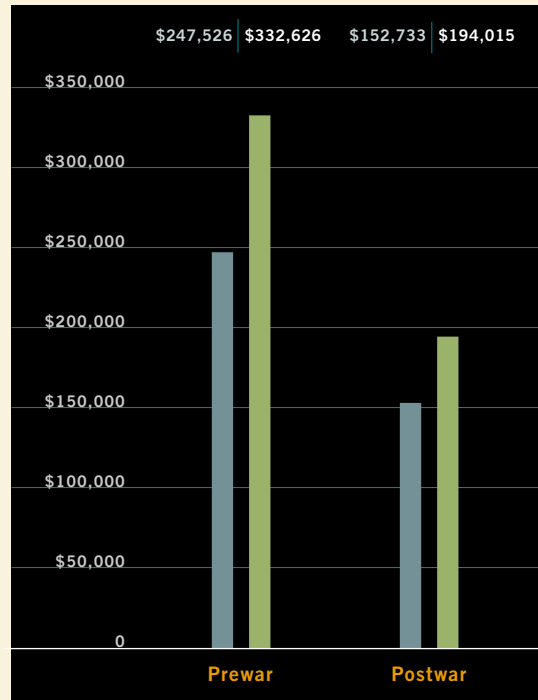
Generally 59th to 96th Street, Fifth Avenue to the East River

The average price has risen sharply for all sizes of apartments on the East Side over the past year, led by larger units. For three-bedrooms the gain was 40% and four-bedroom and larger apartments rose 33%. We need to point out that all of these increases are for the average price in the market, and not indicative of the increase in value of an individual apartment.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	1st Q 04	4%	16%	32%	37%	11%
	1st Q 05	5%	15%	32%	35%	13%
Average Price	1st Q 04	\$4,941,500	\$2,277,411	\$1,090,366	\$456,315	\$243,845
	1st Q 05	\$6,557,500	\$3,185,781	\$1,297,086	\$558,148	\$318,176
	% Change	33%	40%	19%	22%	30%

Cooperative

Average Price Per Room



1Q 04 1Q 05

Condominium

Average Price Per Square Foot



WEST SIDE

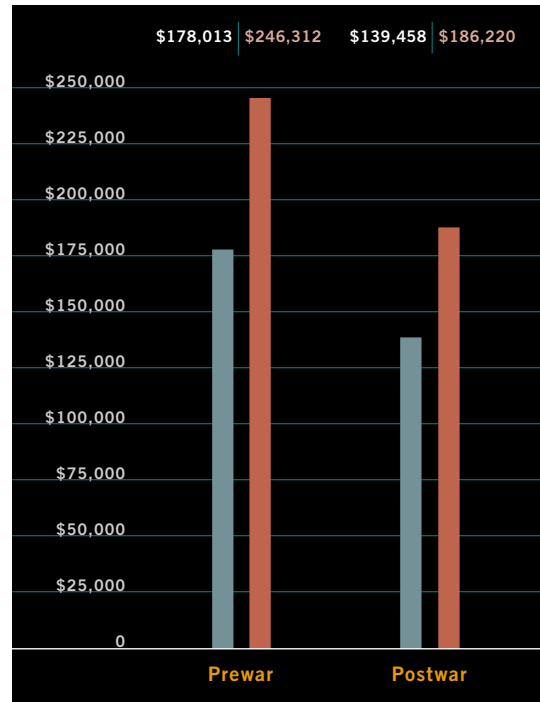
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

While the average prices for West Side apartments have not increased at the same rate as other markets, this is due mainly to the fact that many of the Time Warner Center apartments closed a year ago and helped inflate the numbers for 2004's first quarter. Looking just at co-ops, we see a gain of 39% in the prewar average price per room, and 34% in the postwar average price per room.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	1st Q 04	14%	39%	35%	12%
	1st Q 05	16%	33%	40%	11%
Average Price	1st Q 04	\$3,661,640	\$1,114,874	\$495,093	\$301,609
	1st Q 05	\$3,940,398	\$1,368,548	\$594,084	\$332,250
	% Change	8%	23%	20%	10%

Cooperative

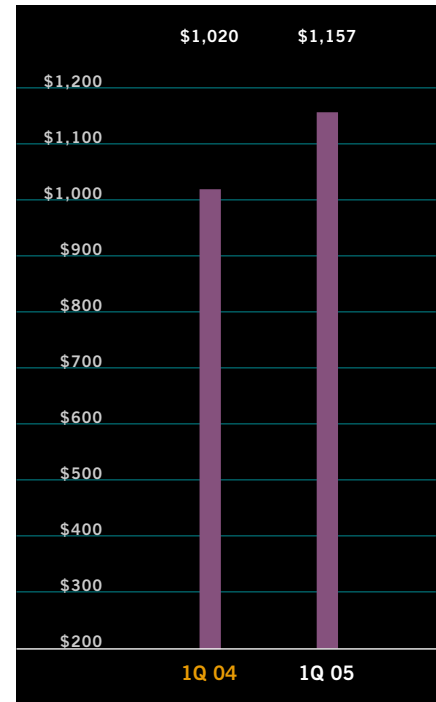
Average Price Per Room



1Q 04 1Q 05

Condominium

Average Price Per Square Foot



MIDTOWN

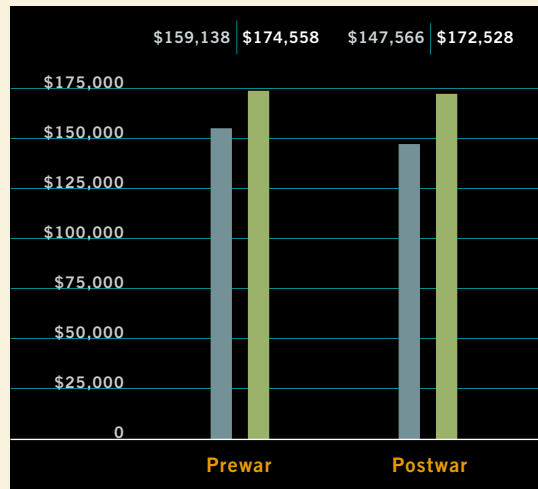
MIDTOWN EAST 34th to 58th Street, Fifth Avenue to the East River

Cooperative

Condominium

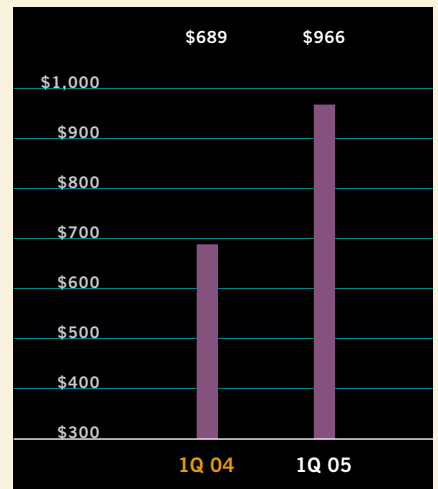
While condos in the Midtown East market posted a 40% increase in average price per square foot from a year ago, the small number of units in this market can cause prices to fluctuate greatly from quarter to quarter.

Average Price Per Room



1Q 04 1Q 05

Average Price Per Square Foot



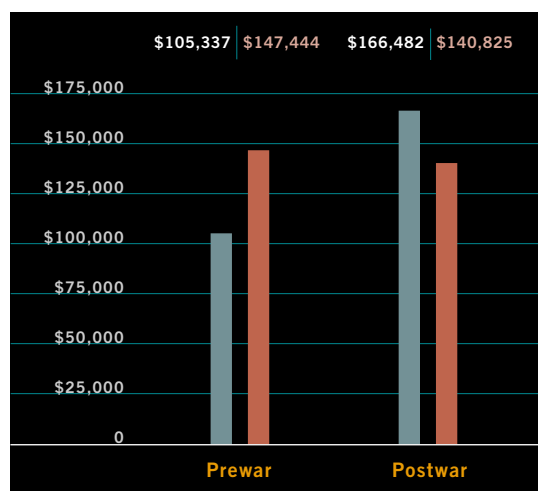
MIDTOWN WEST 34th to 58th Street, Hudson River to West of Fifth Avenue

Cooperative

Condominium

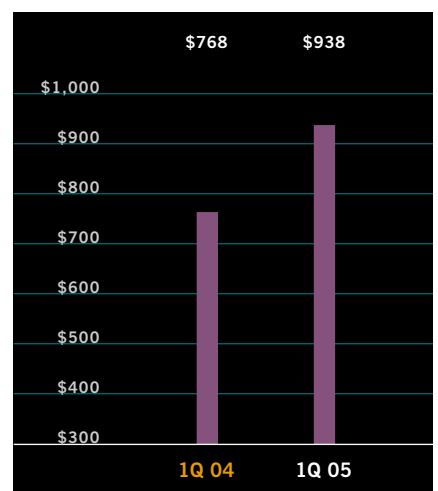
Condo prices averaged \$938 per square foot in the Midtown West market, a 22% improvement from a year ago.

Average Price Per Room



1Q 04 1Q 05

Average Price Per Square Foot



DOWNTOWN

South of 34th Street

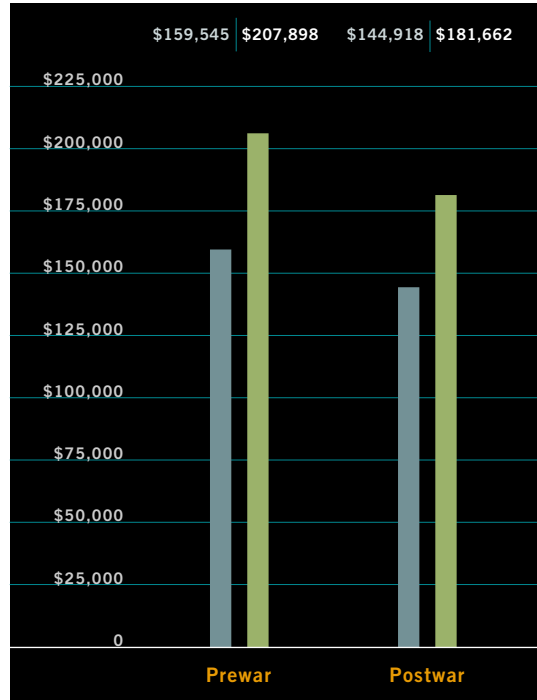
Larger units posted the biggest increases in average price Downtown over the past year, and higher priced new developments made up a larger percentage of sales.

The average price rose 48% for three-bedroom and larger units, and 34% for two-bedroom units from the first quarter of 2004. Providing evidence that much of this gain was in the condo market, the average price per square foot for condos Downtown rose 28% during this time, to \$937.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	1st Q 04	5%	28%	47%	20%
	1st Q 05	9%	24%	52%	15%
Average Price	1st Q 04	\$1,454,500	\$ 910,228	\$480,361	\$271,999
	1st Q 05	\$2,146,362	\$1,216,474	\$613,550	\$320,157
	% Change	48%	34%	28%	18%

Cooperative

Average Price Per Room



1Q 04 1Q 05

Condominium

Average Price Per Square Foot



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