

BROWN HARRIS STEVENS

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Manhattan Residential Market Report

Second Quarter 2005



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Record Prices Continue

At \$1,276,964, the average sale price for an apartment in Manhattan set a new record in the second quarter. This figure is 21% higher than prices in the second quarter of 2004 and 9% higher than just three months ago. The median price also set a new record, rising 22% over the past year to \$749,500. After stagnating at the end of 2004, prices have surged in the past six months as a shrinking supply of available apartments has been met with increased demand.

The average price for a cooperative apartment rose 11% over the past three months to a record \$1,170,117. The fact that the median price is only up 1% over this period of time indicates that part of this rise is due to steep increases in the luxury market. Both the average and median prices are 19% higher than during the second quarter of 2004, showing strong growth in the overall co-op market over the past year. Also pointing to the overall health of this market is the average price per room, which is up 19% from 2004's second quarter to \$231,539.

For condominiums, the average price during the second quarter was \$1,416,920, 21% higher than a year ago and another new record. The median price increased more than the average during this time, up 23% to \$900,000. This shows that all sizes of condos are commanding higher prices, not just the upper end of the market. If we look on a per square foot basis, we also see strong growth, as the average price per square foot for condos is up 20% over the past year.

The second quarter brought together both surging demand, due in part to high bonus payouts, and shrinking supply. New listings in most areas were down 20-30% in the first quarter from the year before, and prices rose sharply. While the rate of growth may be slowing in some markets, prices remain well above the same period a year ago as the market's fundamentals remain strong.

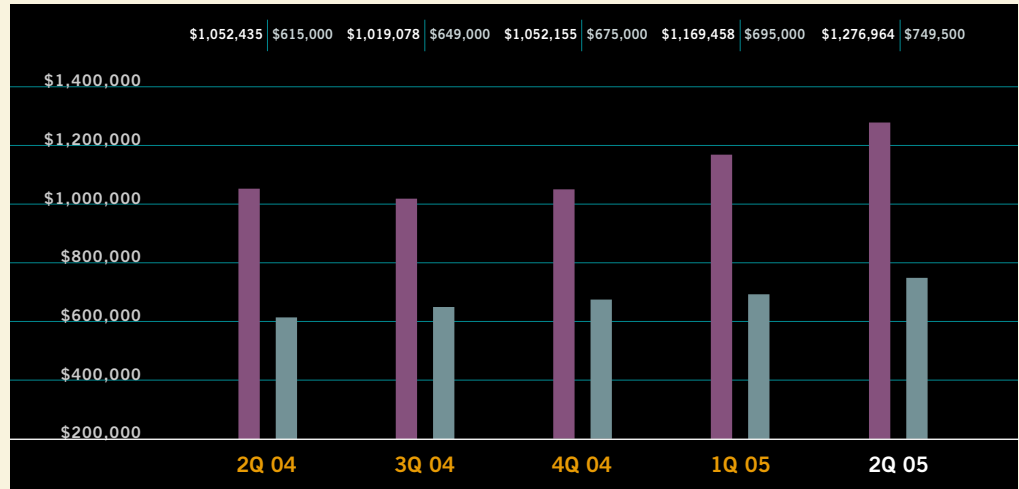
Transaction data for this market report is provided by ValuExchange, a proprietary database that contains data from all Terra Holdings companies and is the largest known survey of the Manhattan residential market. This report is based on 2,570 reported sales.

— Gregory J. Heym
Chief Economist, Brown Harris Stevens

All Cooperatives and Condominiums

The average price for an apartment reached a new high in the second quarter, rising 21% over the past year to \$1,276,964. The median price rose 22% to \$749,500 during this time.

Average and Median Sale Price



Average Sale Price Median Sale Price

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 05	\$7,255,023	\$2,995,571	\$1,421,521	\$638,163	\$352,270	\$1,276,964
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

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 05	\$1,595	\$1,285	\$1,032	\$842	\$796	\$962
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

Average Price Per Room

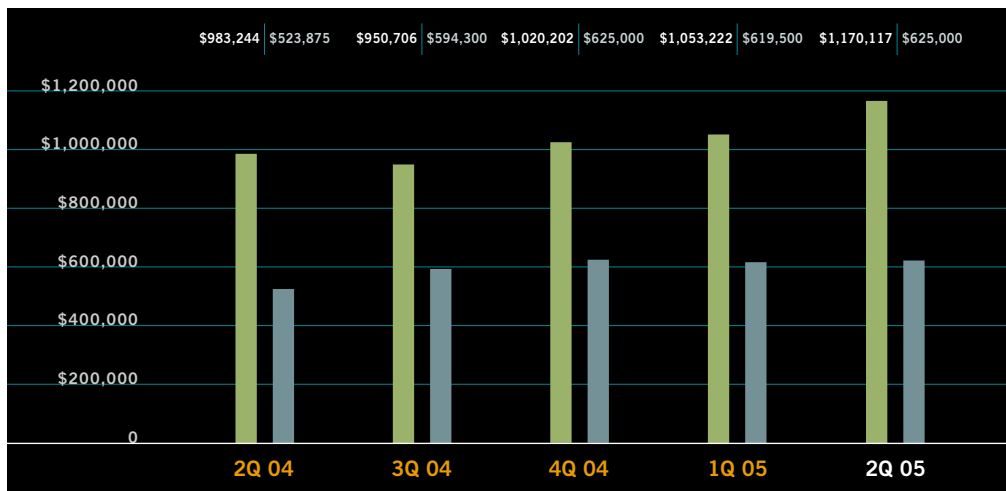
	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 05	\$727,330	\$447,941	\$308,585	\$199,247	\$166,555	\$270,323
1st Q 05	\$657,597	\$419,253	\$283,152	\$182,645	\$150,978	\$247,783
4th Q 04	\$499,396	\$379,118	\$248,042	\$171,890	\$152,195	\$224,962
3rd Q 04	\$598,423	\$354,625	\$249,201	\$171,885	\$150,376	\$224,535
2nd Q 04	\$521,439	\$379,602	\$248,359	\$162,935	\$140,786	\$222,380

Cooperative Apartments

Co-op prices averaged \$1,170,117 in the second quarter, 11% higher than the prior quarter.

The co-op median price of \$625,000 was up 19% from 2004's second quarter.

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Average Sale Price

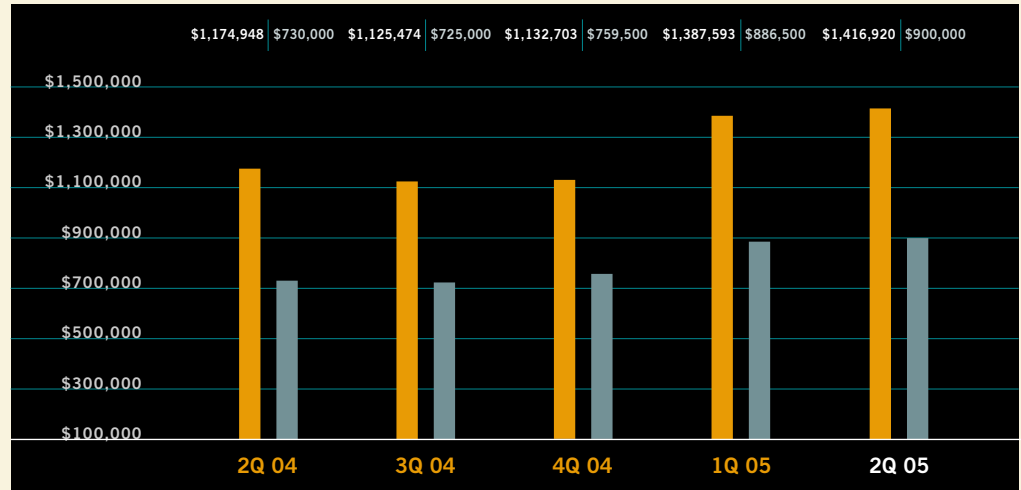
	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 05	\$7,365,740	\$3,104,997	\$1,274,995	\$562,270	\$315,508	\$1,170,117
1st Q 05	\$5,027,016	\$2,784,150	\$1,242,479	\$528,926	\$299,947	\$1,053,222
4th Q 04	\$4,865,715	\$2,507,697	\$1,125,514	\$499,742	\$295,499	\$1,020,202
3rd Q 04	\$4,533,319	\$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

Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 05	\$595,778	\$419,048	\$260,510	\$174,415	\$149,955	\$231,539
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

Condominium Apartments

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Posting an average price of \$1,416,920, condos were 21% more expensive than a year ago. Further highlighting this market's strength was a 23% increase in the median price during this time.

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 05	\$7,122,163	\$2,920,487	\$1,570,887	\$734,381	\$412,872	\$1,416,920
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

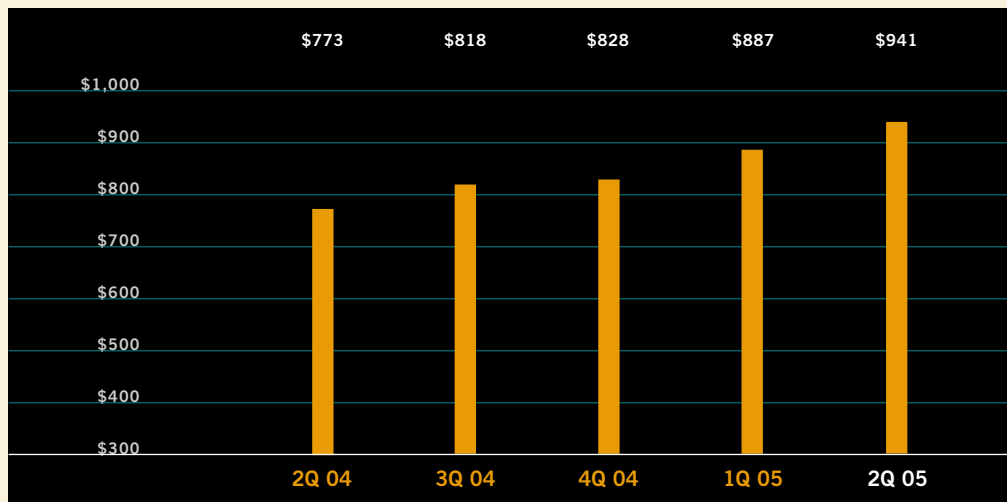
Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 05	\$1,850	\$1,346	\$1,137	\$949	\$893	\$1,081
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

Lofts

At a record of \$941 per square foot, the average price for a loft was 22% higher than the second quarter of 2004.

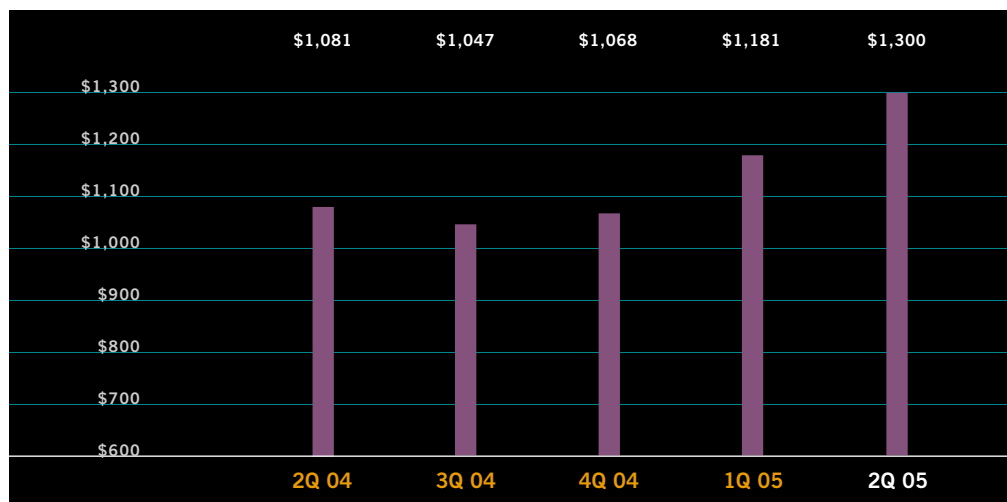
Average Price Per Square Foot



Townhouses

Townhouses now command an average price of \$1,300 per square foot, a 20% improvement from a year ago.

Average Price Per Square Foot



EAST SIDE

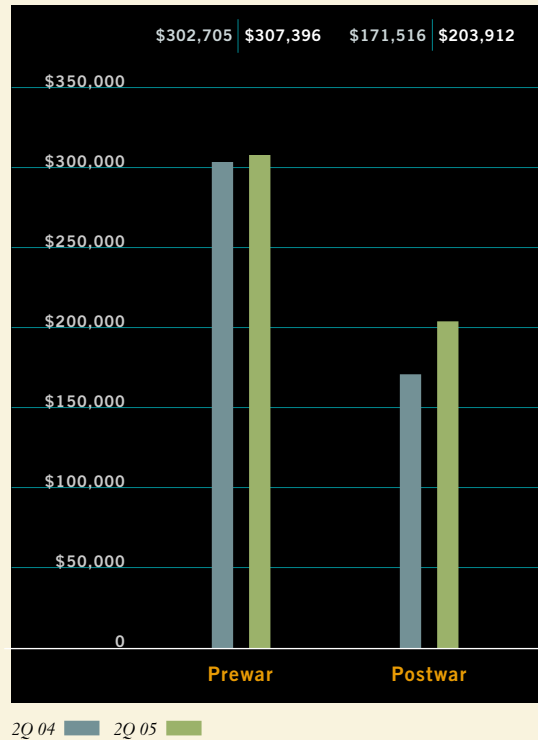
Generally 59th to 96th Street, Fifth Avenue to the East River

Larger apartments led price increases in the East Side market, as the average price for four-bedroom and larger units was 38% higher than a year ago. Also of note was a 19% increase in the average price per square foot for condominiums in this market.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 04	5%	16%	33%	36%	10%
	2nd Q 05	5%	14%	30%	41%	10%
Average Price	2nd Q 04	\$5,912,823	\$2,884,581	\$1,236,603	\$520,684	\$315,651
	2nd Q 05	\$8,186,452	\$2,983,789	\$1,412,375	\$580,274	\$338,093
	% Change	38%	3%	14%	11%	7%

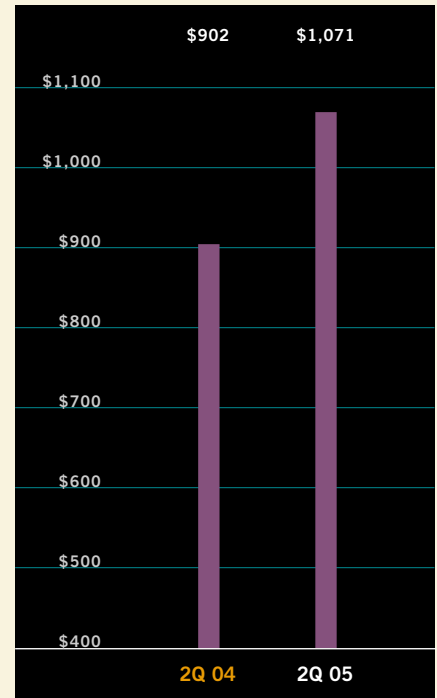
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



WEST SIDE

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

On the West Side, a 40% increase in the average price for a three-bedroom apartment was the largest price gain for any size category over the past year. Prices for co-ops in this market were substantially higher than 2004's second quarter, as the average price per room rose 29% for prewar and 31% for postwar units.

		4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 04	2%	15%	31%	40%	12%
	2nd Q 05	3%	12%	35%	38%	12%
Average Price	2nd Q 04	\$4,836,589	\$2,284,696	\$1,261,668	\$550,376	\$303,603
	2nd Q 05	\$4,996,030	\$3,209,992	\$1,298,556	\$649,313	\$375,752
	% Change	3%	40%	3%	18%	24%

Cooperative

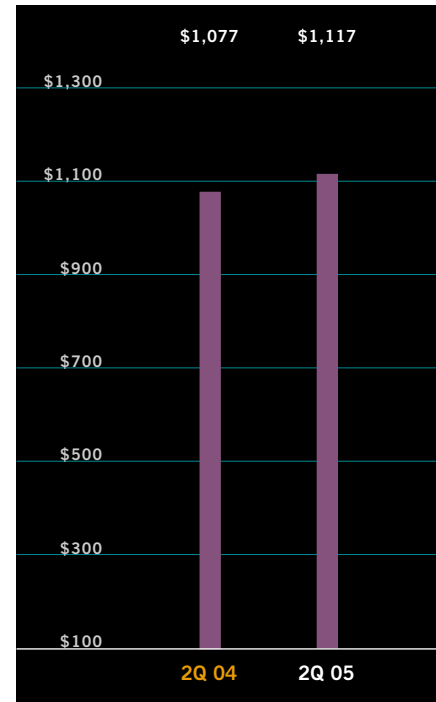
Average Price Per Room



2Q 04 2Q 05

Condominium

Average Price Per Square Foot



MIDTOWN

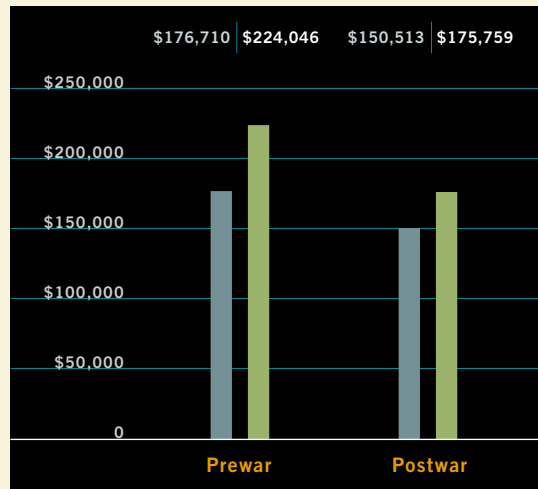
MIDTOWN EAST 34th to 58th Street, Fifth Avenue to the East River

Cooperative

Condominium

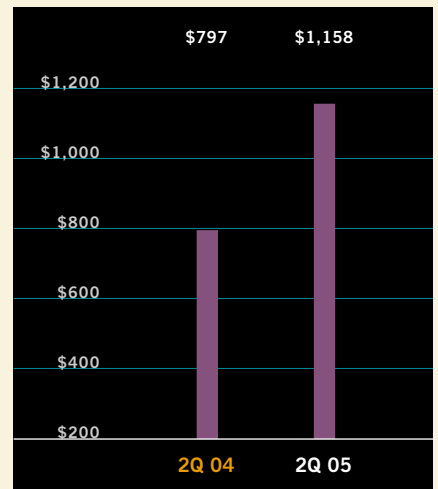
Driving the strength of the Midtown East market was a 45% increase in the average price per square foot for condos over the past 12 months. This is due in part to a large number of sales closing at One Beacon Court in the second quarter, which helped inflate this statistic.

Average Price Per Room



2Q 04 2Q 05

Average Price Per Square Foot



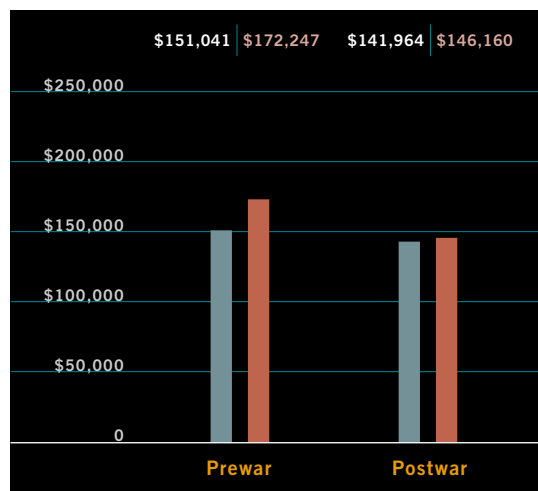
MIDTOWN WEST 34th to 58th Street, Hudson River to West of Fifth Avenue

Cooperative

Condominium

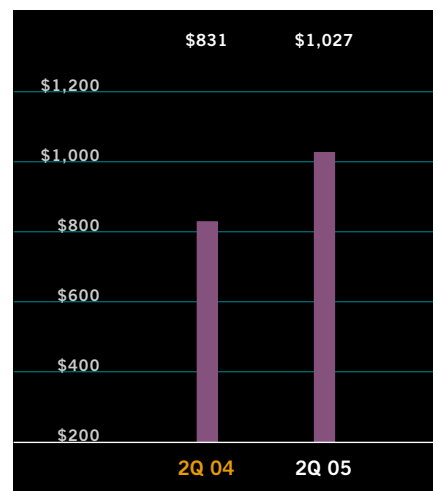
Condo prices averaged \$1,027 per square foot in the Midtown West market, a 24% improvement from a year ago.

Average Price Per Room



2Q 04 2Q 05

Average Price Per Square Foot



DOWNTOWN

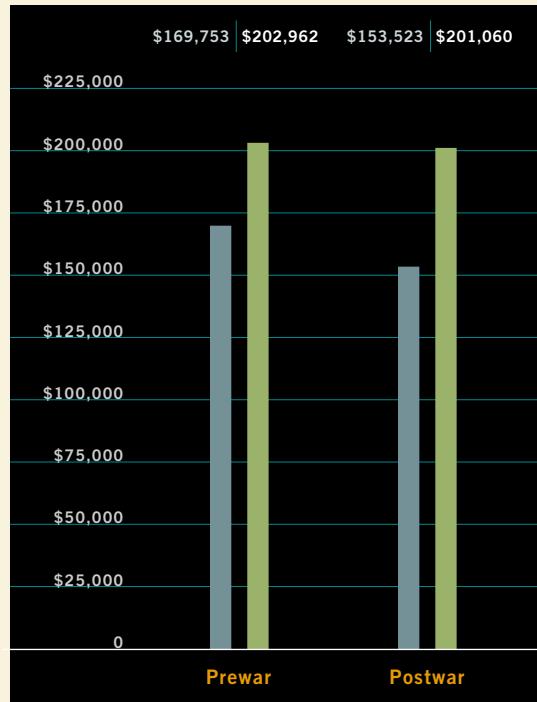
South of 34th Street

The Downtown market remained hot in the second quarter, as a number of new developments continued to push prices to new levels. This is evident in the average price for three-bedroom and larger apartments, which increased 46% in the last year. Also of note was the performance of postwar co-ops, whose average price per room rose 31% during this time to \$201,060.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 04	9%	25%	42%	24%
	2nd Q 05	9%	28%	47%	16%
Average Price	2nd Q 04	\$1,633,026	\$1,074,368	\$505,520	\$312,374
	2nd Q 05	\$2,390,672	\$1,227,244	\$635,556	\$350,685
	% Change	46%	14%	26%	12%

Cooperative

Average Price Per Room



2Q 04 2Q 05

Condominium

Average Price Per Square Foot



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GREGORY J. HEYM is the Chief Economist for Brown Harris Stevens and serves on the City's Economic Advisory Panel. He has covered the residential real estate market for the past ten years, and was the author of the Real Estate Board of New York's cooperative and condominium sales reports prior to joining Brown Harris Stevens. Mr. Heym's academic background includes a B.S. in Economics from Saint John's University and an M.B.A. from Hofstra University.



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