

BROWN HARRIS STEVENS

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New York City Residential Market Report

Second Quarter 2006



EXCLUSIVE AFFILIATE OF
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GREAT ESTATES

A Strong Market for Cooperative Apartments

The average price for a cooperative apartment was \$1,257,571 during the second quarter, a new record and 7% higher than a year ago. An even larger increase was seen in the median price for co-op sales, which increased 13% over the past year to \$707,500. The biggest gains were seen in two-bedroom co-ops, which, at an average price of \$1,562,758 were 23% more expensive than during 2005's second quarter. Also posting strong increases during this period were studios and one-bedrooms, whose average price rose 14% and 11% respectively.

The average sale price for all co-ops and condos in Manhattan fell 5% from the second quarter of 2005 to \$1,212,453. A large number of smaller condo apartments closed in new developments during the second quarter which lowered the average size for apartments sold by 7% and, not surprisingly, led to the decline in the overall average price. Providing a better indicator of the market's health was the median price, which set a new record in the second quarter, reaching \$755,000. These two indicators together tell us that while smaller units are accounting for more sales than a year ago, the overall market is healthier. This strength can also be found in the average prices per square foot and per room, both of which were higher than a year ago.

In the second quarter there was a dramatic increase in the number of closings of smaller condos from a year ago, which led to a 17% decline in the average condo price to \$1,171,972. This was also reflected in a 10% decline in the median price during this time to \$810,000, although this figure is still higher than the first quarter of 2006. The average size for condos sold during the quarter was just 1,045 square feet, 11% lower than a year ago. When smaller apartments account for more sales, it follows that the average price can subsequently fall. Examining the data on a per square foot basis shows that the overall average price fell just 2% over the past year, and actually rose for studios, one-bedrooms and three-bedroom condos.

Demand remains very strong for apartments, despite recent rises in interest rates. The New York City Comptroller's office recently reported that the number of employed City residents reached a record level in the first quarter. Job growth has reached a five-year high, the unemployment rate has fallen to 5.4% and the City's inflation rate is now below the nation's. All of these factors bode well for the real estate market, helping to keep demand strong even as rates continue to rise.

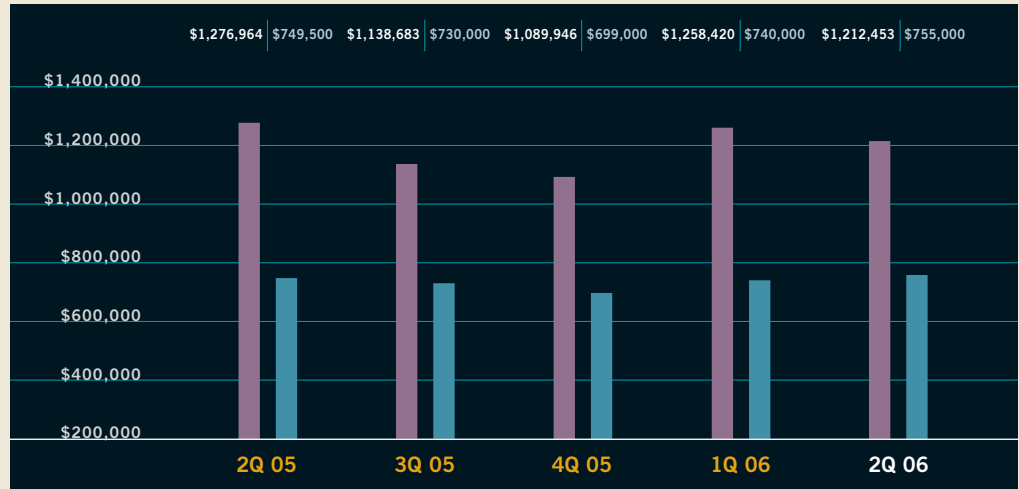
Transaction data for this market report is provided by ValuExchange, a proprietary database containing the largest known survey of the New York City residential market. This report is based on 2,655 reported Manhattan apartment sales.

— Gregory J. Heym
Chief Economist, Brown Harris Stevens

Manhattan Cooperatives and Condominiums

The median sale price for Manhattan apartments of \$755,000 during the second quarter set a new record for this statistic. The decline in the overall average price for sales was due mainly to increased sales of smaller apartments, particularly in new condo developments.

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 06	\$5,573,921	\$3,018,858	\$1,530,959	\$699,364	\$408,146	\$1,212,453
1st Q 06	\$6,605,273	\$3,142,949	\$1,396,168	\$678,226	\$402,953	\$1,258,420
4th Q 05	\$4,515,920	\$2,676,760	\$1,475,322	\$660,373	\$378,361	\$1,089,946
3rd Q 05	\$5,125,885	\$2,832,187	\$1,368,859	\$649,268	\$403,490	\$1,138,683
2nd Q 05	\$7,255,023	\$2,995,571	\$1,421,521	\$638,163	\$352,270	\$1,276,964

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 06	\$1,462	\$1,302	\$1,078	\$925	\$861	\$ 999
1st Q 06	\$1,615	\$1,337	\$1,022	\$904	\$905	\$1,000
4th Q 05	\$1,363	\$1,214	\$1,110	\$892	\$846	\$ 979
3rd Q 05	\$1,573	\$1,209	\$1,031	\$879	\$879	\$ 969
2nd Q 05	\$1,595	\$1,285	\$1,032	\$842	\$796	\$ 962

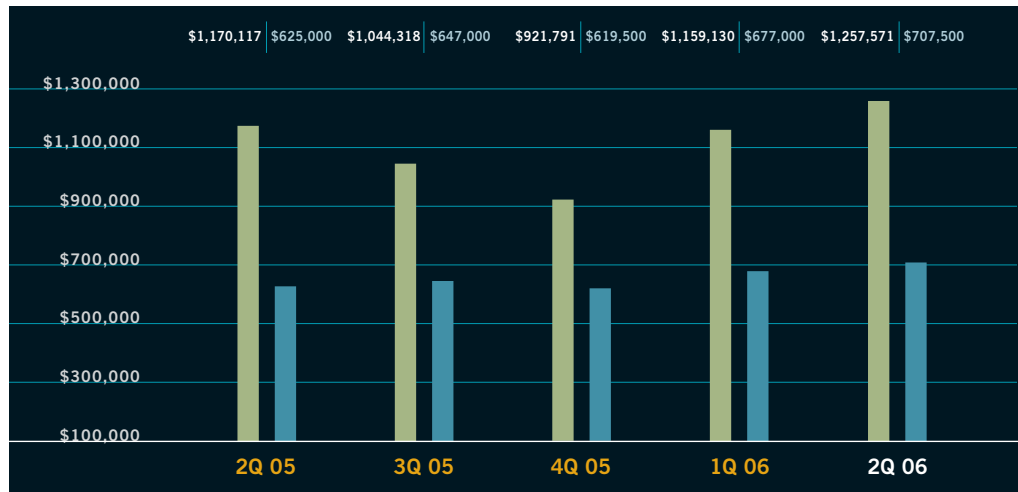
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 06	\$604,113	\$446,539	\$323,942	\$221,706	\$190,315	\$274,724
1st Q 06	\$678,997	\$460,246	\$302,584	\$216,228	\$191,573	\$275,053
4th Q 05	\$490,062	\$412,341	\$320,772	\$207,682	\$179,384	\$257,774
3rd Q 05	\$590,407	\$431,969	\$299,867	\$205,231	\$189,883	\$261,260
2nd Q 05	\$727,330	\$447,941	\$308,585	\$199,247	\$166,555	\$270,323

Manhattan Cooperative Apartments

At \$1,257,571, the average sale price for co-ops reached a new high in the second quarter. Two-bedroom apartment prices rose 23% over the past year, the highest increase of any size category 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 06	\$5,875,424	\$3,024,527	\$1,562,758	\$622,165	\$361,176	\$1,257,571
1st Q 06	\$5,885,127	\$3,098,147	\$1,363,909	\$622,519	\$353,137	\$1,159,130
4th Q 05	\$3,889,000	\$2,309,711	\$1,261,933	\$578,350	\$340,981	\$ 921,791
3rd Q 05	\$5,432,808	\$2,899,599	\$1,275,852	\$582,494	\$352,809	\$1,044,318
2nd Q 05	\$7,365,740	\$3,104,997	\$1,274,995	\$562,270	\$315,508	\$1,170,117

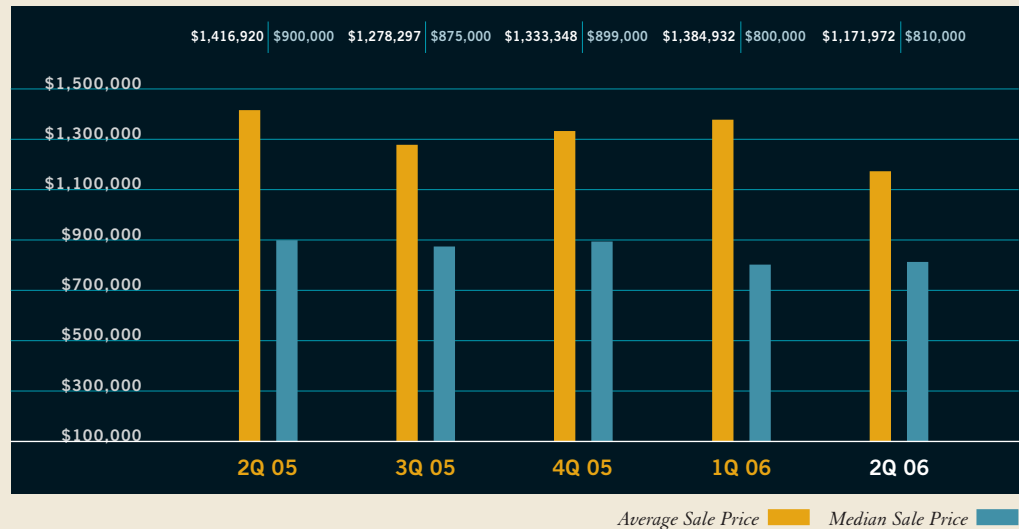
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 06	\$571,432	\$409,255	\$309,073	\$196,954	\$170,346	\$257,862
1st Q 06	\$534,765	\$421,589	\$282,292	\$196,890	\$168,055	\$245,903
4th Q 05	\$428,651	\$344,459	\$261,378	\$182,330	\$161,256	\$217,248
3rd Q 05	\$562,866	\$410,309	\$271,650	\$183,020	\$163,715	\$232,301
2nd Q 05	\$595,778	\$419,048	\$260,510	\$174,415	\$149,955	\$231,539

Manhattan Condominium Apartments

Although the average price for condo sales fell sharply from the second quarter of 2005, this decrease is primarily due to the large number of smaller units that closed in new developments. The average price per square foot of \$1,061 for condo sales during the quarter was down just 2% from a year ago.

Average and Median Sale Price



Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 06	\$5,287,053	\$3,025,415	\$1,508,314	\$766,910	\$457,276	\$1,171,972
1st Q 06	\$7,300,586	\$3,316,851	\$1,429,517	\$753,936	\$472,466	\$1,384,932
4th Q 05	\$5,656,107	\$3,202,206	\$1,732,571	\$786,639	\$448,286	\$1,333,348
3rd Q 05	\$5,026,723	\$2,804,108	\$1,488,602	\$758,352	\$482,462	\$1,278,297
2nd Q 05	\$7,122,163	\$2,920,487	\$1,570,887	\$734,381	\$412,872	\$1,416,920

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 06	\$1,614	\$1,397	\$1,136	\$ 987	\$918	\$1,061
1st Q 06	\$1,740	\$1,509	\$1,066	\$ 993	\$998	\$1,088
4th Q 05	\$1,462	\$1,386	\$1,250	\$1,026	\$953	\$1,125
3rd Q 05	\$1,657	\$1,295	\$1,126	\$ 994	\$994	\$1,085
2nd Q 05	\$1,850	\$1,346	\$1,137	\$ 949	\$893	\$1,081

EAST SIDE

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

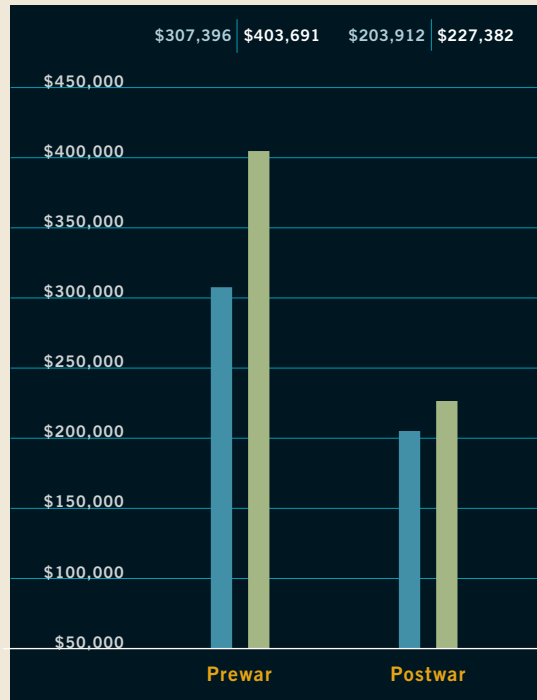
Prices rose sharply throughout the East Side from the second quarter of 2005, led by 36% gain in the average price for two-bedroom apartments.

The only decline was seen in the average price for four-bedroom and larger apartments, which, while down from its record level a year ago, still remained over \$6.3 million. Data in this category can fluctuate greatly depending upon the number of sales that occur at the highest end of the market.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 05	5%	14%	30%	41%	10%
	2nd Q 06	5%	14%	35%	36%	9%
Average Price	2nd Q 05	\$8,186,452	\$2,983,789	\$1,412,375	\$580,274	\$338,093
	2nd Q 06	\$6,326,258	\$3,441,605	\$1,922,110	\$669,511	\$376,288
	% Change	-23%	15%	36%	15%	11%

Cooperative

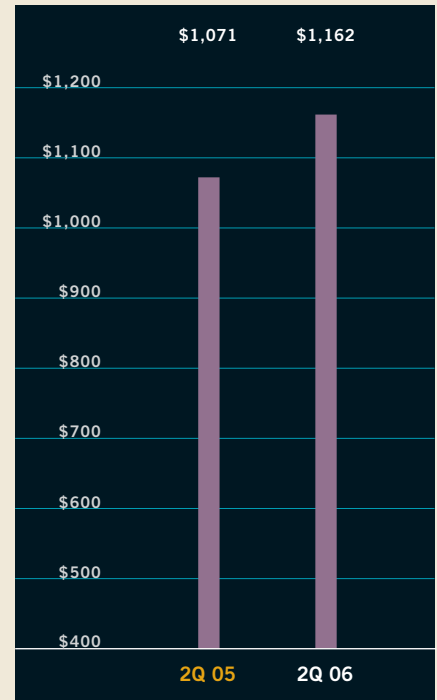
Average Price Per Room



2Q 05 2Q 06

Condominium

Average Price Per Square Foot



WEST SIDE

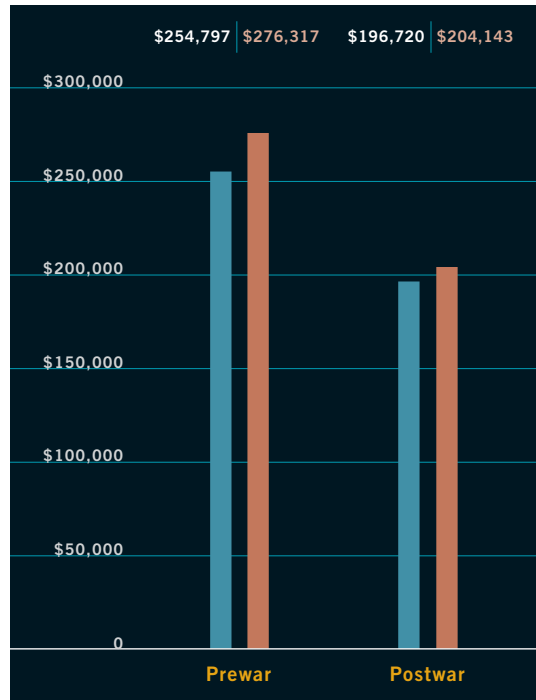
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

Two-bedroom apartments led pricing gains on the West Side, as their average price of \$1,558,808 was 20% higher than a year ago. Also of note was an 8% rise in the average price per room for prewar co-ops on the West Side during this time.

		4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 05	3%	12%	35%	38%	12%
	2nd Q 06	3%	11%	38%	37%	11%
Average Price	2nd Q 05	\$4,996,030	\$3,209,992	\$1,298,556	\$649,313	\$375,752
	2nd Q 06	\$4,350,707	\$3,148,759	\$1,558,808	\$689,670	\$391,296
	% Change	-13%	-2%	20%	6%	4%

Cooperative

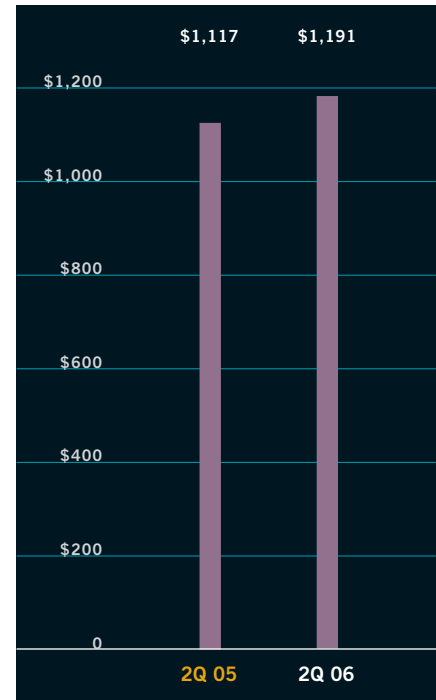
Average Price Per Room



2Q 05 2Q 06

Condominium

Average Price Per Square Foot



MIDTOWN

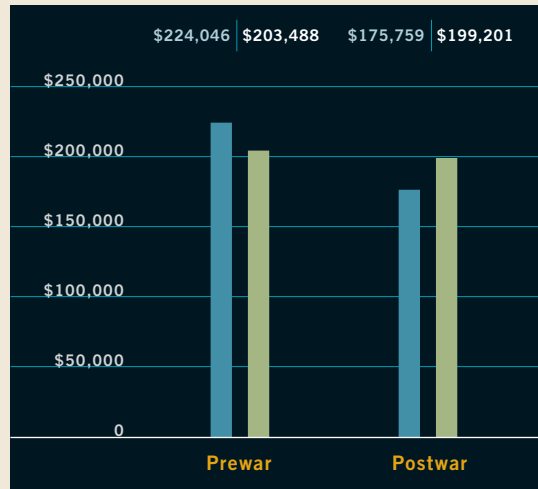
MIDTOWN EAST 34th to 58th Street, Fifth Avenue to the East River

Cooperative

Condominium

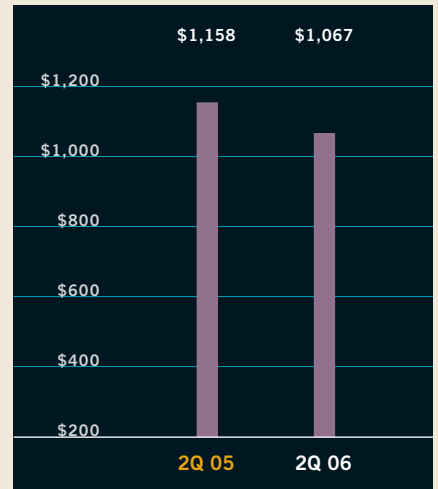
Midtown East co-ops of the postwar variety posted an average price of \$199,201 per room, 13% higher than during the second quarter of 2005.

Average Price Per Room



2Q 05 2Q 06

Average Price Per Square Foot



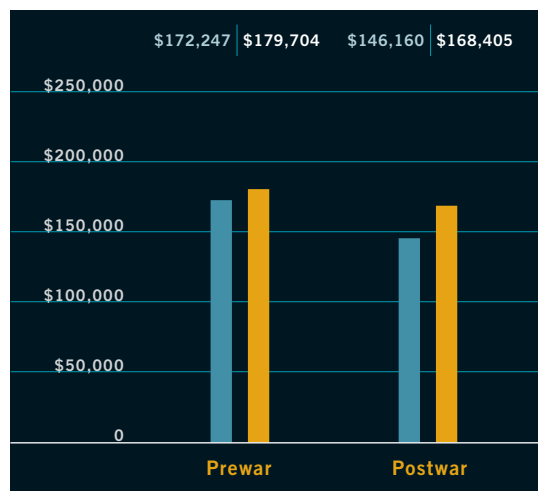
MIDTOWN WEST 34th to 58th Street, Hudson River to West of Fifth Avenue

Cooperative

Condominium

The average price per room in the Midtown West market rose 15% for postwar and 4% for prewar co-ops from 2005's second quarter.

Average Price Per Room



2Q 05 2Q 06

Average Price Per Square Foot



DOWNTOWN

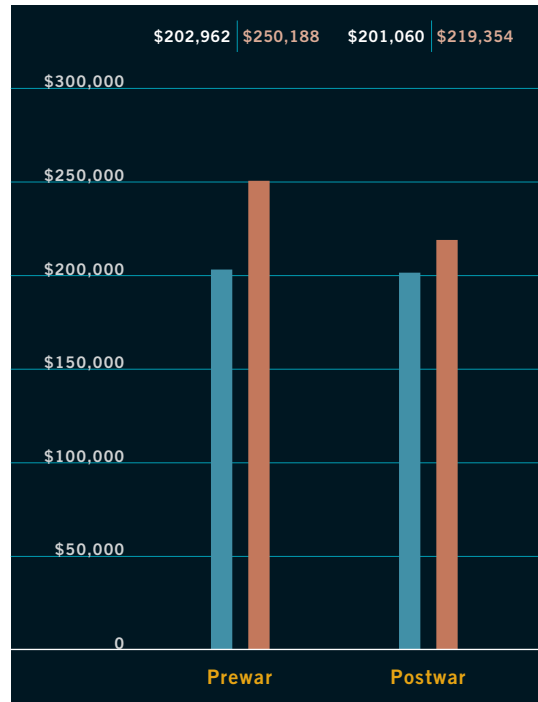
South of 34th Street

In the Downtown market, the average price for studio apartments was 19% higher than 2005's comparable period. The one-bedroom average price of \$699,733 was 10% higher than during the second quarter of 2005.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 05	9%	28%	47%	16%
	2nd Q 06	6%	26%	51%	17%
Average Price	2nd Q 05	\$2,390,672	\$1,227,244	\$635,556	\$350,685
	2nd Q 06	\$2,261,237	\$1,262,572	\$699,773	\$415,660
	% Change	-5%	3%	10%	19%

Cooperative

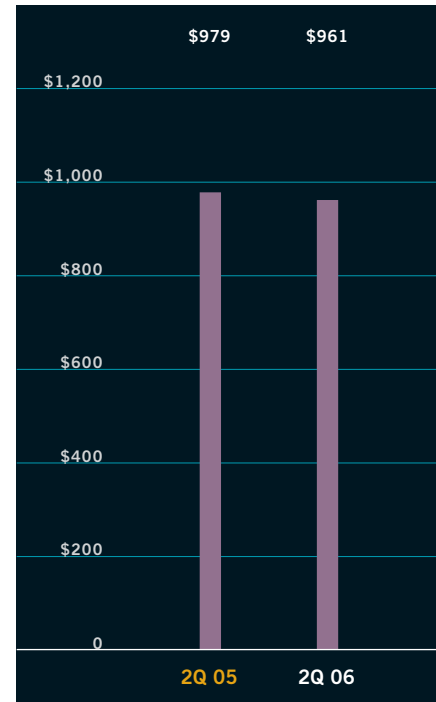
Average Price Per Room



2Q 05 2Q 06

Condominium

Average Price Per Square Foot

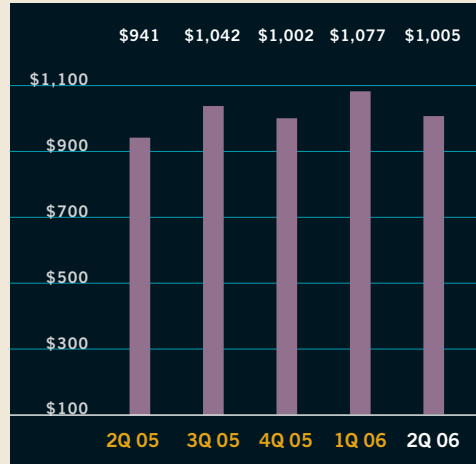


Manhattan Lofts

Loft prices averaged \$1,005 per square foot in the second quarter, 7% more than a year ago.

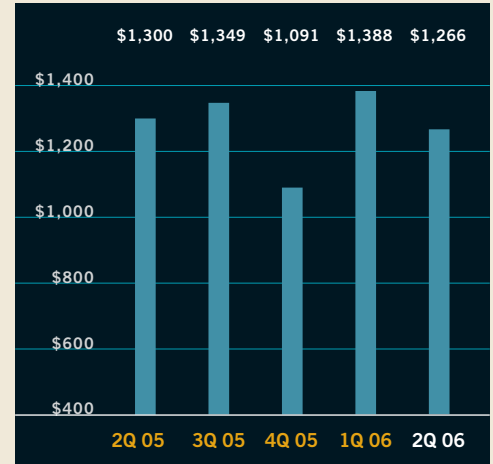
At \$1,266, the average price per square foot for Manhattan townhouses was 3% less than during 2005's second quarter.

Average Price Per Square Foot



Manhattan Townhouses

Average Price Per Square Foot



Brooklyn Heights and Park Slope

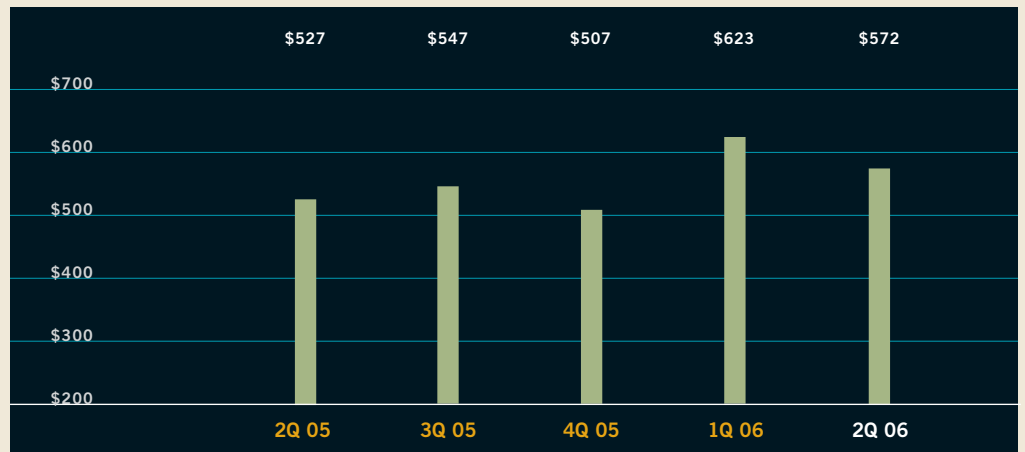
Apartments located in Brooklyn Heights and Park Slope sold for an average price of \$671,269 in the second quarter, 9% higher than a year ago. The average price per square foot for townhouses in this area also rose 9% over this period, reaching \$572.

Cooperatives and Condominiums

	2-BEDROOM	1-BEDROOM	STUDIO	ALL
Average Price	2nd Q 05: \$715,202	2nd Q 05: \$433,804	2nd Q 05: \$256,500	2nd Q 05: \$617,782
	2nd Q 06: \$750,845	2nd Q 06: \$465,652	2nd Q 06: \$307,082	2nd Q 06: \$671,269
% Change	5%	7%	20%	9%

Townhouses

Average Price Per Square Foot





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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