

# BROWN HARRIS STEVENS

Established 1873

## Manhattan Residential Market Report

Second Quarter 2008



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GREAT ESTATES

## New Development Activity Fuels Price Increases

Apartments in new developments accounted for over one-third of all closings during the second quarter, helping to keep Manhattan apartment prices near record levels. At \$1,663,533, the average price was up 36% from the second quarter of 2007, but down 2% from the prior quarter's record.

Similar to the past few quarters, closings at 15 Central Park West and The Plaza had a major impact on the average price. Removing these sales would reduce this figure \$177,749 to \$1,485,784, but it would still be 21% higher than the second quarter of 2007. This effect will diminish over the next few months as the initial closings in these buildings come to an end. The increased share of new development activity also pushed the median price up 23% over the past year, to a record \$979,000. It is interesting to note that while the average apartment price in Manhattan is over \$1.6 million, more than half of all closings are still for under \$1 million.

At \$1,975,695, the average condo price was 38% higher than 2007's second quarter, and down slightly from the prior quarter's record level. This figure was dramatically influenced by 15 Central Park West and The Plaza, and removing them would bring the average condo price down \$319,485 to \$1,656,210, still 16% higher than a year ago.

Cooperative prices, which are almost exclusively resales, also rose sharply from 2007's second quarter. At \$1,292,652, the average co-op price was 22% higher than a year ago, but down 3% from the first quarter of 2008's record. Much of this gain was due to larger apartments, as the average price rose 29% for 4-bedroom and larger co-ops, and 23% for 3-bedroom co-ops over the past year.

As concern over Wall Street has intensified, there has been an anticipation of a decline in real estate prices. It's important to remember that besides the underlying strength in the market, there are a few more reasons the average and median price have remained so high. First, there is a lag time from when a contract is signed to when the sale actually closes, and it is closings that are presented in this report. As we mentioned before, new development condos comprised over one-third of the closings in the second quarter. From deed information, we see that the average date that contracts were signed for these units was June 9, 2007, before the credit crisis came to light. Second, economic data for the City has yet to show any real weakness. As of May, unemployment in the City was 4.8%, below the 5.5% rate of the nation. Also, City payrolls in May had almost 37,000 more employees than a year ago. While we know Wall Street layoffs are coming, many laid off workers have yet to disappear from payrolls.

Transaction data for this market report is provided by ValuExchange, a proprietary database containing the largest known survey of the Manhattan residential market. This report is based on 2,988 recorded Manhattan apartment sales. This represents a decrease of 18% from sales reported during the same period in 2007.

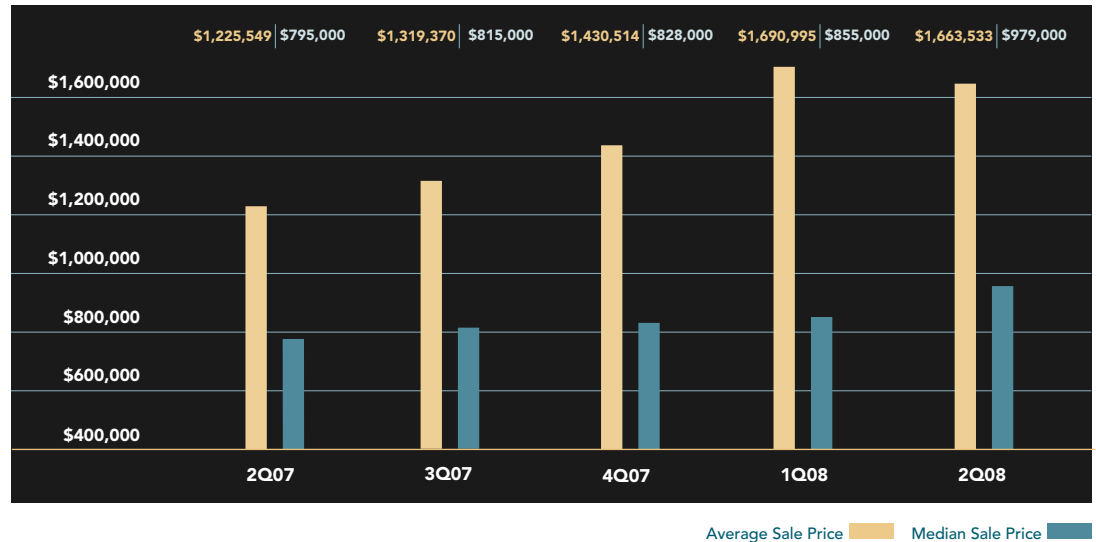
GREGORY J. HEYM

Chief Economist, Brown Harris Stevens

# Manhattan Cooperatives and Condominiums\*

*Strong activity in new developments helped drive the average Manhattan apartment price up 36% over the past year to \$1,663,533. Removing closings at 15 Central Park West and The Plaza would bring the average price down \$177,749 to \$1,485,784, still 21% higher than during the second quarter of 2007.*

Average and Median Sale Price



Average Sale Price

	4+ Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
2nd Q 08	\$7,682,890	\$3,662,882	\$1,791,003	\$799,066	\$502,735	\$1,663,533
1st Q 08	\$10,039,712	\$4,139,289	\$1,740,749	\$813,208	\$484,280	\$1,690,995
4th Q 07	\$6,951,864	\$3,528,383	\$1,695,245	\$784,290	\$437,317	\$1,430,514
3rd Q 07	\$6,583,611	\$2,917,155	\$1,461,438	\$761,521	\$445,821	\$1,319,370
2nd Q 07	\$6,563,389	\$2,774,816	\$1,477,836	\$743,594	\$451,056	\$1,225,549

Average Price Per Square Foot

	4+ Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
2nd Q 08	\$2,013	\$1,633	\$1,297	\$1,080	\$1,077	\$1,251
1st Q 08	\$2,352	\$1,724	\$1,259	\$1,104	\$1,049	\$1,263
4th Q 07	\$1,764	\$1,546	\$1,273	\$1,042	\$953	\$1,181
3rd Q 07	\$1,804	\$1,349	\$1,137	\$1,041	\$974	\$1,121
2nd Q 07	\$1,737	\$1,325	\$1,120	\$1,013	\$978	\$1,089

Average Price Per Room

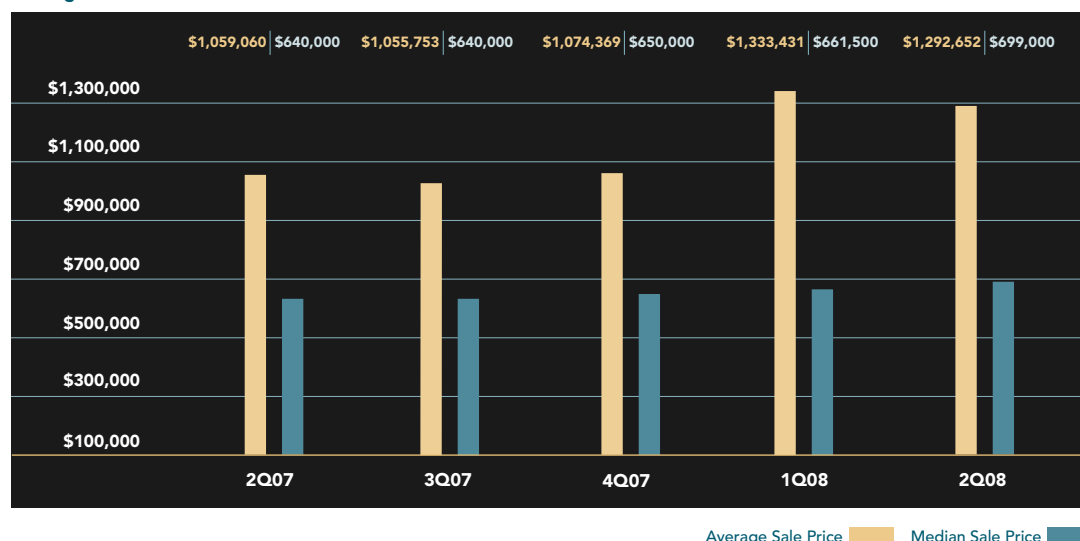
	4+ Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
2nd Q 08	\$865,781	\$571,488	\$391,267	\$254,358	\$233,656	\$354,006
1st Q 08	\$1,026,915	\$630,164	\$375,403	\$256,001	\$229,535	\$349,826
4th Q 07	\$752,692	\$542,661	\$371,594	\$247,876	\$205,513	\$319,591
3rd Q 07	\$714,623	\$457,714	\$321,316	\$238,262	\$209,993	\$296,577
2nd Q 07	\$659,727	\$435,517	\$319,829	\$231,930	\$209,923	\$283,384

\* We are pleased to announce that beginning with the 2007 Third Quarter Manhattan Market Report, we are now including data from Northern Manhattan. This report's comparative figures from previous quarters have also been adjusted to reflect the inclusion of Northern Manhattan data, however prior reports have not been adjusted and will not be comparable.

# Manhattan Cooperative Apartments\*

*Co-op prices averaged \$1,292,652 in the second quarter, 22% higher than a year ago.*

Average and Median Sale Price



Average Sale Price

	4+ Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
2nd Q 08	\$8,258,341	\$3,436,665	\$1,465,315	\$653,319	\$428,123	\$1,292,652
1st Q 08	\$12,947,751	\$3,587,305	\$1,511,340	\$683,698	\$414,074	\$1,333,431
4th Q 07	\$8,543,583	\$3,016,364	\$1,315,614	\$659,875	\$394,539	\$1,074,369
3rd Q 07	\$5,931,672	\$2,673,848	\$1,284,901	\$621,613	\$387,901	\$1,055,753
2nd Q 07	\$6,390,034	\$2,786,473	\$1,319,818	\$627,393	\$373,410	\$1,059,060

Average Price Per Room

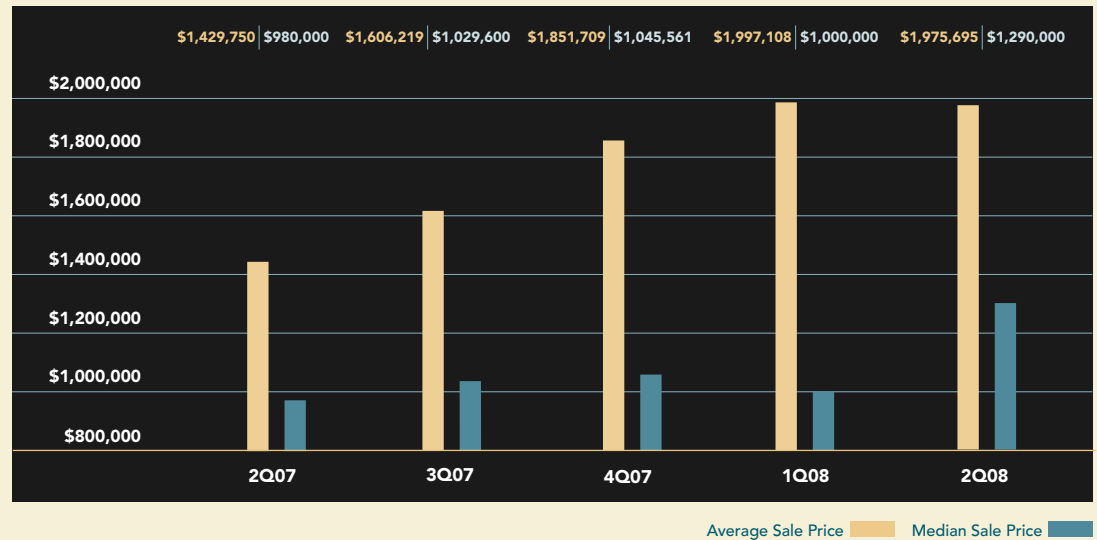
	4+ Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
2nd Q 08	\$881,355	\$460,219	\$298,728	\$203,981	\$197,408	\$268,930
1st Q 08	\$1,129,921	\$498,645	\$306,878	\$211,647	\$193,283	\$274,088
4th Q 07	\$781,006	\$418,670	\$276,890	\$206,412	\$180,825	\$244,111
3rd Q 07	\$633,466	\$397,436	\$271,425	\$192,118	\$178,549	\$239,280
2nd Q 07	\$614,769	\$399,630	\$270,538	\$194,276	\$171,049	\$235,769

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# Manhattan Condominium Apartments\*

*The average price for condominium apartments, which comprised 54% of all sales, rose 38% from 2007's second quarter to \$1,975,695. Closings at 15 Central Park West and The Plaza helped inflate this number, which would be \$319,485 lower without them.*

Average and Median Sale Price



Average Sale Price

	4+ Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
2nd Q 08	\$7,452,156	\$3,786,189	\$2,004,123	\$934,321	\$633,862	\$1,975,695
1st Q 08	\$8,889,694	\$4,428,083	\$1,935,538	\$917,691	\$596,730	\$1,997,108
4th Q 07	\$6,139,071	\$3,794,892	\$2,111,210	\$930,186	\$538,400	\$1,851,709
3rd Q 07	\$7,232,735	\$3,102,457	\$1,611,105	\$924,492	\$571,771	\$1,606,219
2nd Q 07	\$6,744,122	\$2,769,561	\$1,627,830	\$886,277	\$562,182	\$1,429,750

Average Price Per Square Foot

	4+ Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
2nd Q 08	\$1,959	\$1,708	\$1,384	\$1,164	\$1,210	\$1,355
1st Q 08	\$2,403	\$1,841	\$1,354	\$1,173	\$1,177	\$1,369
4th Q 07	\$1,772	\$1,635	\$1,411	\$1,136	\$1,075	\$1,308
3rd Q 07	\$1,930	\$1,405	\$1,203	\$1,154	\$1,095	\$1,221
2nd Q 07	\$1,759	\$1,373	\$1,202	\$1,123	\$1,058	\$1,183

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# EAST SIDE

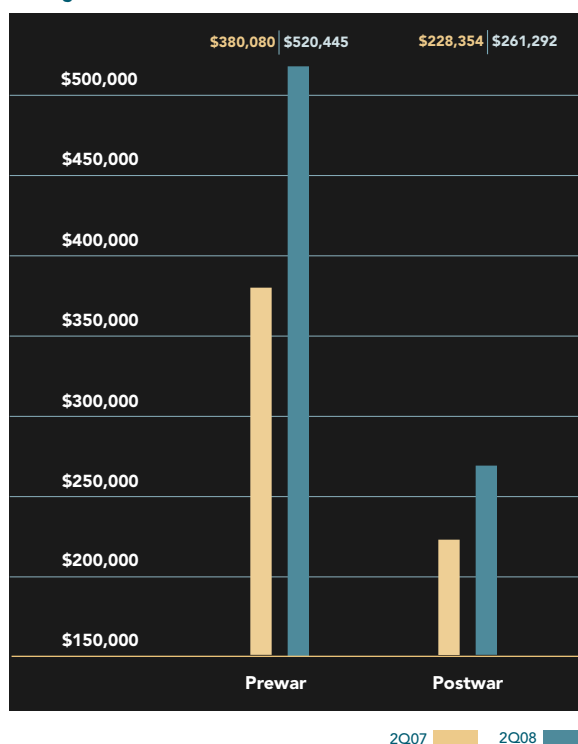
Generally 59th to 96th Street, Fifth Avenue to the East River

Several closings at 995 Fifth Avenue led prices higher on the East Side, especially the average price per room for prewar co-ops. This figure rose 37% from the second quarter of 2007 to \$520,445.

		4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	2nd Q 07	3%	13%	30%	39%	14%
	2nd Q 08	6%	15%	32%	37%	10%
Average Price	2nd Q 07	\$7,811,596	\$3,229,745	\$1,696,531	\$691,858	\$399,961
	2nd Q 08	\$9,821,260	\$4,175,635	\$1,921,523	\$721,567	\$450,568
	% Change	26%	29%	13%	4%	13%

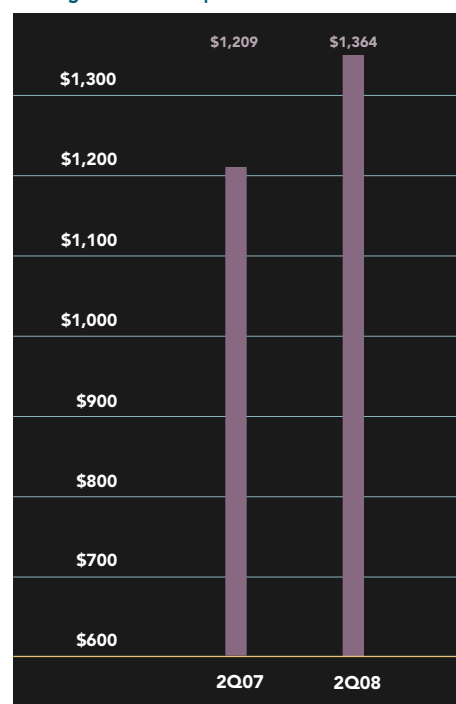
## Cooperative

Average Price Per Room



## Condominium

Average Price Per Square Foot



# WEST SIDE

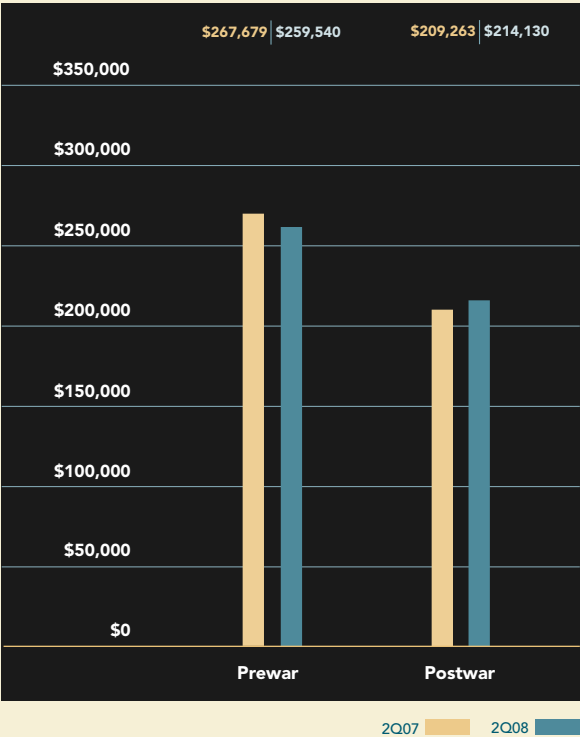
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

Driven by 15 Central Park West closings, the average price for 4-bedroom and larger apartments on the West Side jumped 69% over the past year to \$9,181,053. These closings also helped bring the average condo price per square foot up 25% during this time to \$1,622.

		4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	2nd Q 07	3%	12%	30%	41%	13%
	2nd Q 08	3%	17%	34%	36%	10%
Average Price	2nd Q 07	\$5,446,474	\$3,181,128	\$1,583,565	\$728,057	\$406,017
	2nd Q 08	\$9,181,053	\$4,404,949	\$2,068,941	\$846,959	\$482,458
	% Change	69%	38%	31%	16%	19%

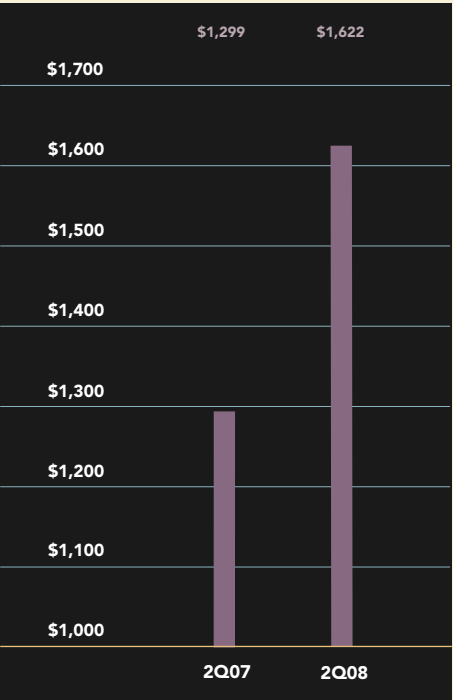
## Cooperative

Average Price Per Room



## Condominium

Average Price Per Square Foot

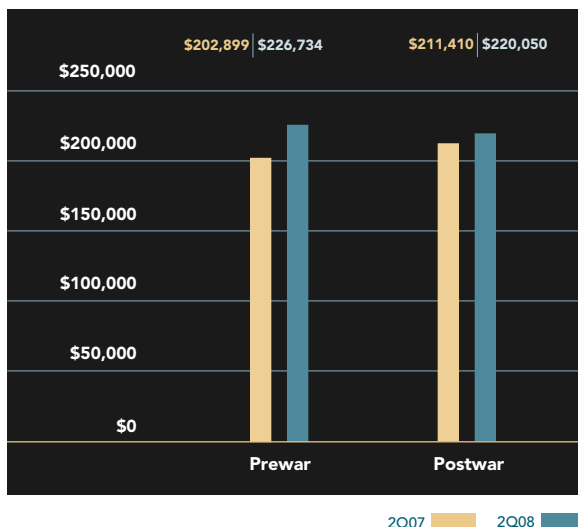


# MIDTOWN

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

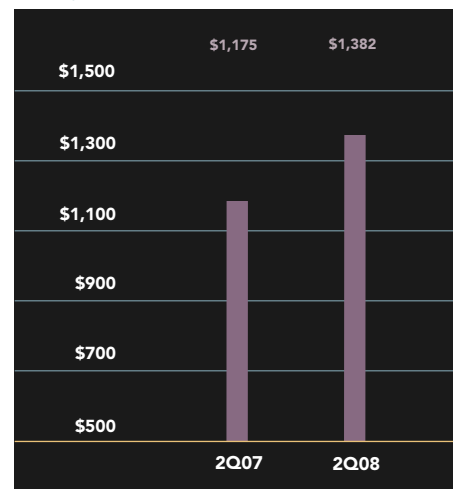
## Cooperative

Average Price Per Room



## Condominium

Average Price Per Square Foot

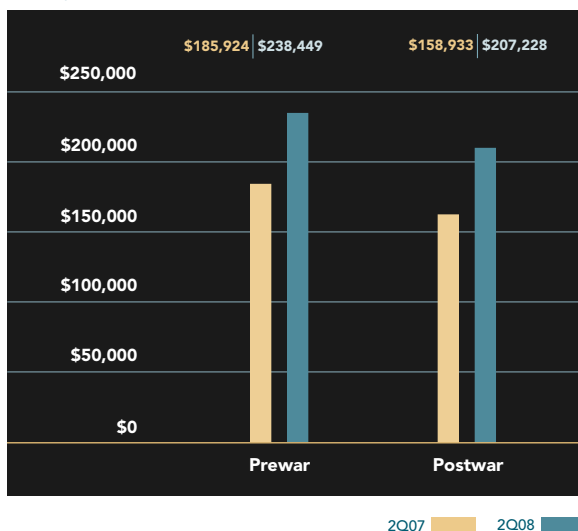


*The average price per square foot for condos in the Midtown East market rose 18% from the second quarter of 2007, helped in part by several closings at The Plaza.*

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

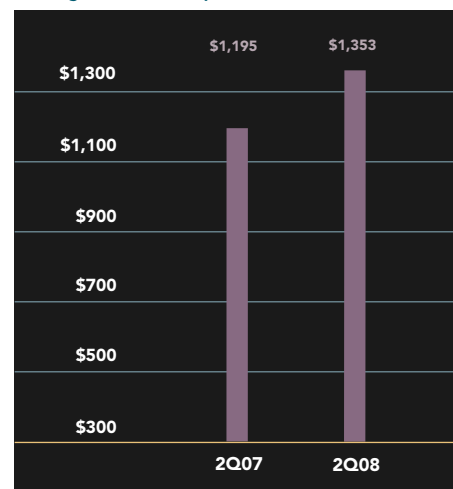
## Cooperative

Average Price Per Room



## Condominium

Average Price Per Square Foot



*Cooperative prices rose sharply in the Midtown West market, as the average price per room rose 30% for postwar and 28% for prewar units from a year ago.*



# DOWNTOWN

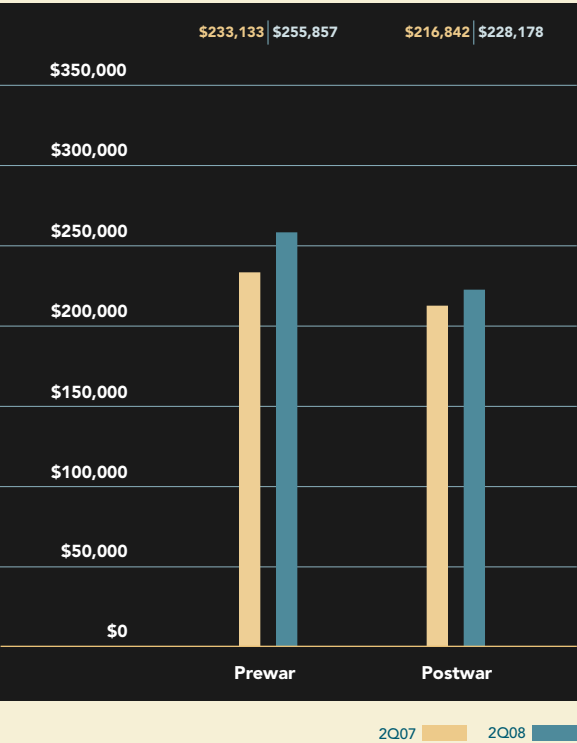
South of 34th Street

A 10% gain was seen in the average price over the past year for both 2-bedroom and studio apartments Downtown.

		3+Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	2nd Q 07	11%	28%	37%	24%
	2nd Q 08	12%	27%	44%	17%
Average Price	2nd Q 07	\$3,065,052	\$1,597,116	\$790,795	\$493,620
	2nd Q 08	\$2,920,798	\$1,760,061	\$813,690	\$542,379
	% Change	-5%	10%	3%	10%

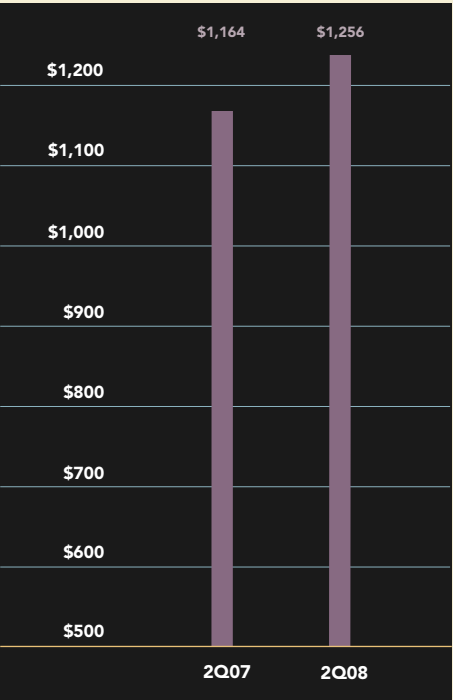
## Cooperative

Average Price Per Room



## Condominium

Average Price Per Square Foot



# NORTHERN MANHATTAN

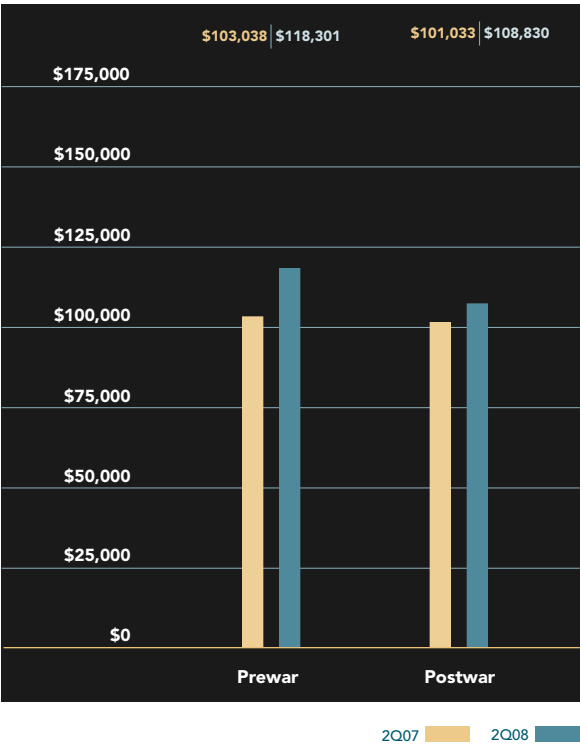
Generally North of 96th Street on the East Side, and 110th Street on the West Side

*Closings at 111 Central Park North helped bring the average price for 3-bedroom and larger apartments up 86% from a year ago in the Northern Manhattan market.*

		3+Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	2nd Q 07	13%	41%	41%	5%
	2nd Q 08	15%	32%	44%	9%
Average Price	2nd Q 07	\$699,273	\$519,460	\$342,501	\$210,101
	2nd Q 08	\$1,298,446	\$615,181	\$469,885	\$287,750
	% Change	86%	18%	37%	37%

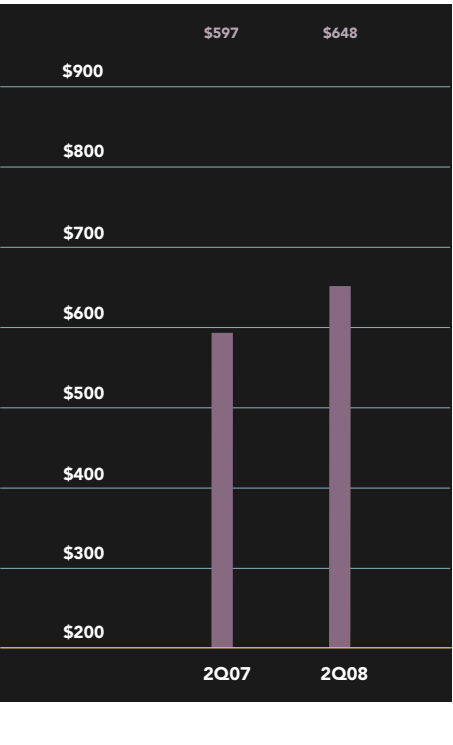
## Cooperative

Average Price Per Room



## Condominium

Average Price Per Square Foot

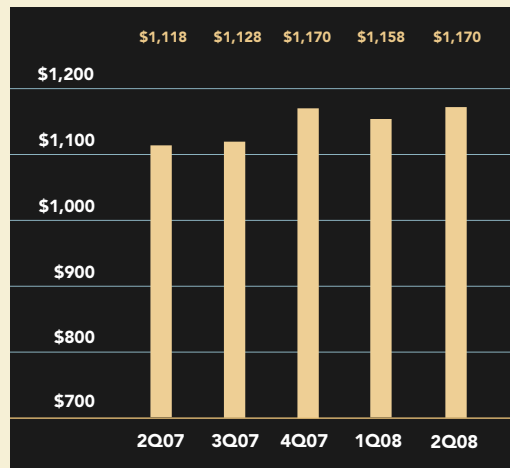


# MANHATTAN

## LOFTS AND TOWNHOUSES\*

### Manhattan Lofts

Average Price Per Square Foot

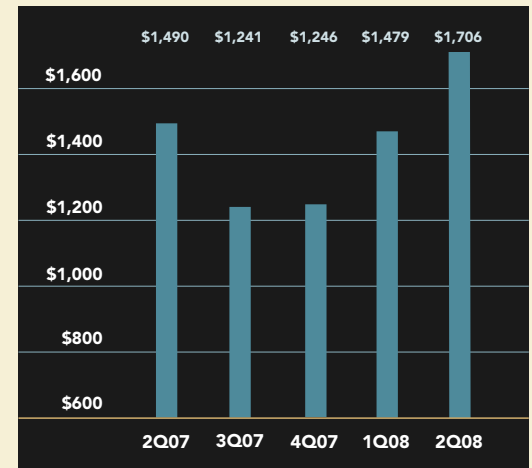


*Loft prices averaged \$1,170 per square foot for second quarter closings, 5% higher than a year ago.*

*Townhouses fetched an average of \$1,706 per square foot, 14% more than during the second quarter of 2007.*

### Manhattan Townhouses

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 thirteen 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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