

BROWN HARRIS STEVENS

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New York City Residential Market Report

Third Quarter 2005



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GREAT ESTATES

Sustained Growth

Manhattan apartment prices averaged \$1,138,683 in the third quarter, 12% higher than a year ago. An identical increase was posted in the median price during this time, which reached \$730,000. Although both figures are down from the prior quarter's record levels, all sizes of apartments are selling for higher prices than the same period last year. This same phenomenon, the average price falling from the second to the third quarter, occurred last year and is not an uncommon occurrence. Many third quarter deals are negotiated during the summer, typically a slower time of year in the market and prices can decrease from the spring buying season.

At \$647,000, the median price for a cooperative apartment reached a new record in the third quarter. This figure was 9% higher than a year ago, and 4% higher than the prior quarter. The average price for a co-op of \$1,044,318 was 10% higher than 2004's third quarter. Last quarter we noted that the average price for co-ops had been inflated in part by steep increases in the luxury market. In the third quarter this trend subsided, and thus brought the overall average price down. On a per room basis the average co-op price is up slightly from last quarter, providing further evidence of this effect.

The median price in the condominium market of \$875,000 was 21% higher than during the third quarter of 2004. The average price posted a smaller gain, rising 14% during this time to \$1,278,297. This indicates that the entire market is stronger than the same period last year, and not just being carried by high priced new developments coming on the market. The fact that the increase in the average price per square foot was higher than the average price during this time also provides evidence of this.

As we've noted in previous reports real estate market fundamentals continue to remain strong, as interest rates are holding at historically low levels. The City's economy has grown for seven straight quarters, and unemployment in August reached its lowest level in 17 years. While not as constrained as during the first half of the year, supply remains tight with new listings down in most areas from a year ago.

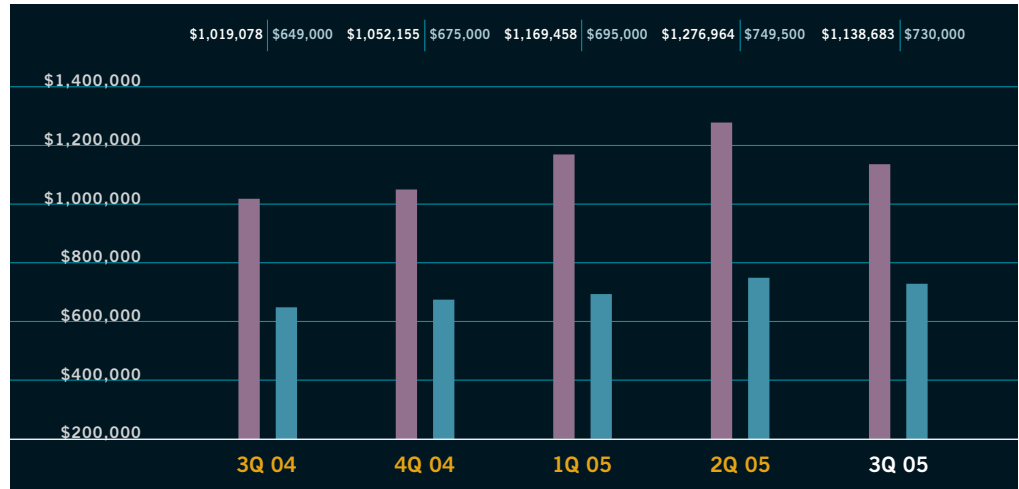
Transaction data for this market report is provided by ValuExchange, a proprietary database that contains data from all Terra Holdings companies and is the largest known survey of the New York City residential market. This report is based on 2,380 reported sales.

———— Gregory J. Heym
Chief Economist, Brown Harris Stevens

Manhattan Cooperatives and Condominiums

The third quarter average sale price of \$1,138,683 was 12% higher than a year ago. The median price also rose 12% during this time, to \$730,000.

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
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

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
3rd Q 05	\$1,573	\$1,209	\$1,031	\$879	\$879	\$969
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

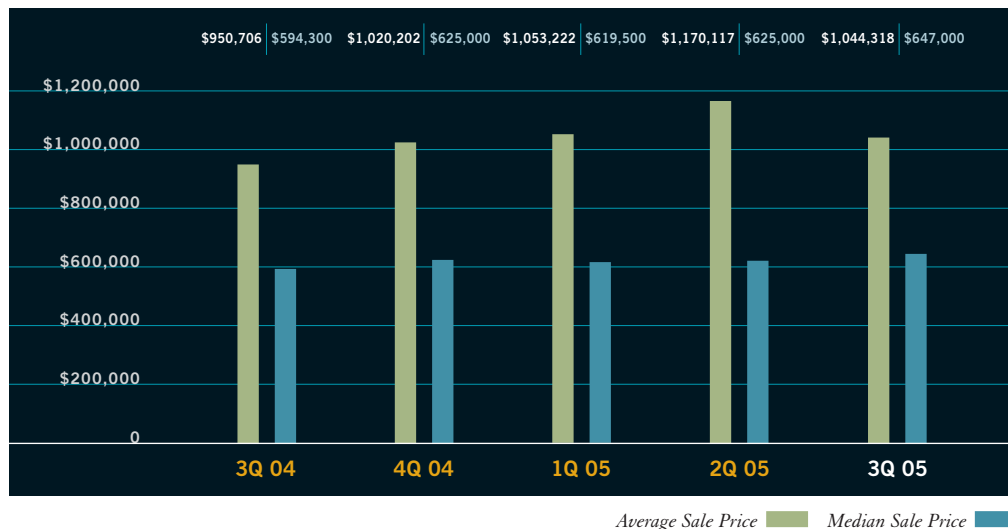
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
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

Manhattan Cooperative Apartments

At \$647,000, the median price for a co-op set a new record in the third quarter.

Average and Median Sale Price



Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
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

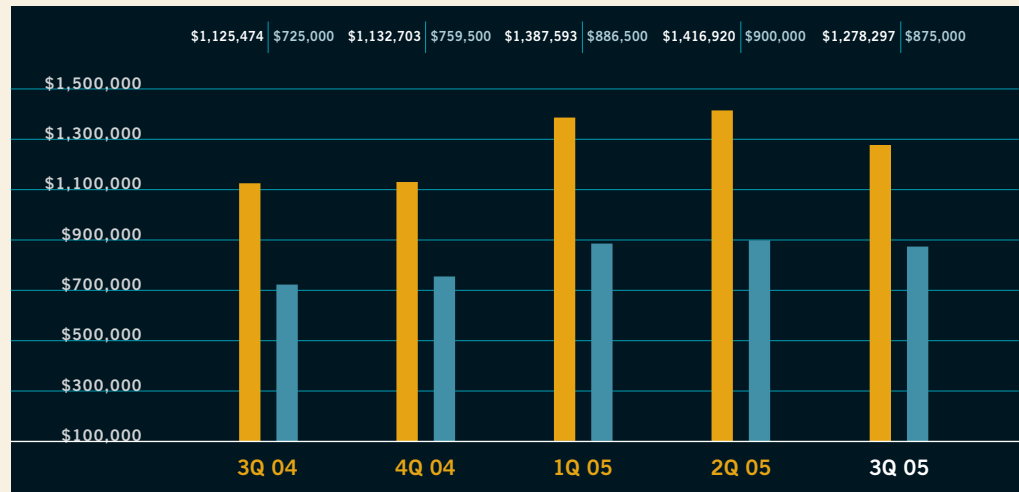
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
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

Manhattan Condominium Apartments

The condo median price reached \$875,000 in the third quarter, 21% higher than a year ago.

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
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

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
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

EAST SIDE

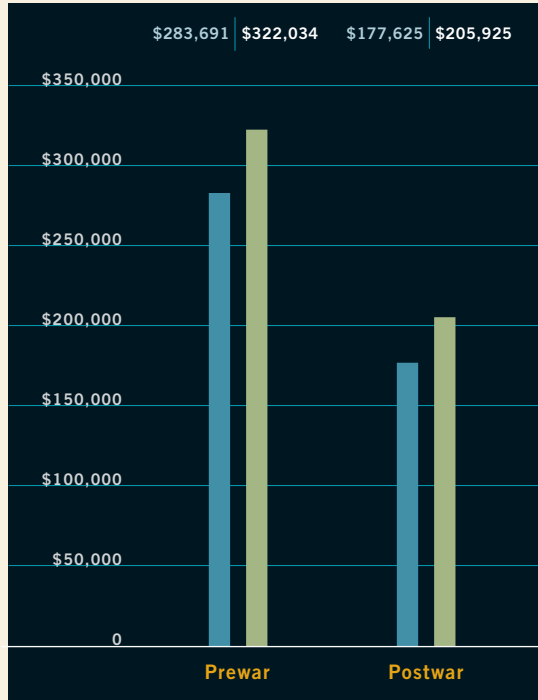
Generally 59th to 96th Street, Fifth Avenue to the East River

On the East Side, the average price for a two-bedroom apartment rose 20% over the past year to \$1,455,693. This was the largest increase of any size category. Also of note was the performance on condos in this market, whose average price per square foot rose 20% during this time to \$1,109.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	3rd Q 04	5%	15%	31%	38%	11%
	3rd Q 05	5%	16%	30%	37%	12%
Average Price	3rd Q 04	\$5,325,046	\$2,419,203	\$1,208,278	\$545,800	\$315,454
	3rd Q 05	\$5,311,993	\$2,777,786	\$1,455,693	\$602,654	\$369,090
	% Change	0%	15%	20%	10%	17%

Cooperative

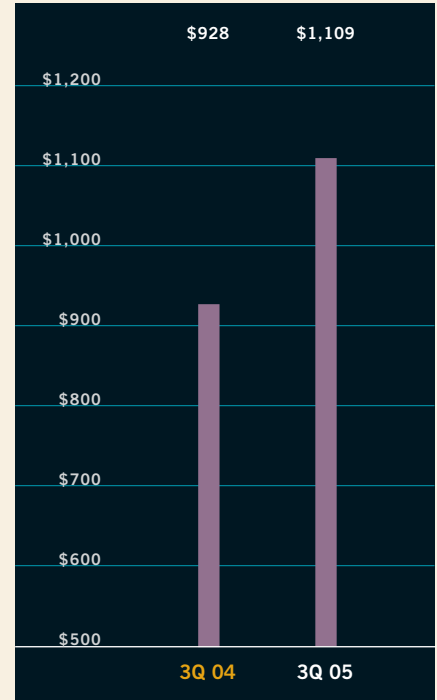
Average Price Per Room



3Q 04 3Q 05

Condominium

Average Price Per Square Foot



WEST SIDE

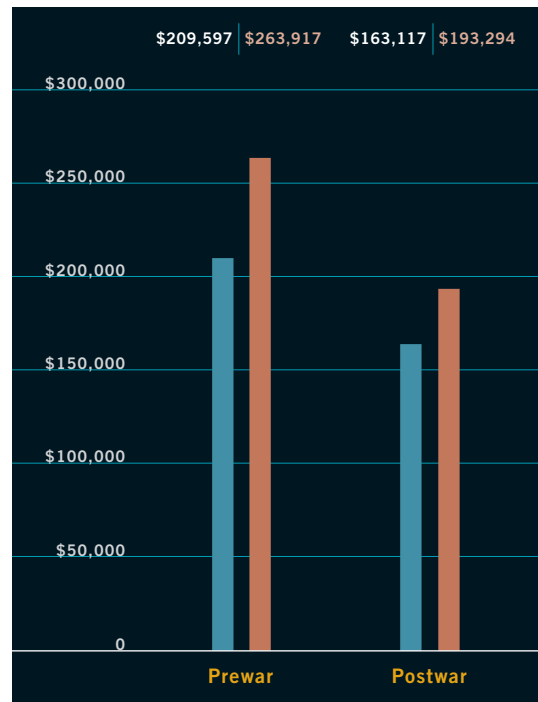
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

Prices of one-bedroom apartments on the West Side averaged \$697,282 in the third quarter; 27% higher than a year ago. Much of this strength came from the co-op market, as the average price per room rose 26% for prewar and 19% for postwar units.

		4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	3rd Q 04	3%	12%	36%	37%	12%
	3rd Q 05	3%	11%	33%	42%	11%
Average Price	3rd Q 04	\$4,044,167	\$2,441,247	\$1,279,350	\$551,129	\$323,710
	3rd Q 05	\$4,984,077	\$2,793,682	\$1,376,605	\$697,282	\$399,889
	% Change	23%	14%	8%	27%	24%

Cooperative

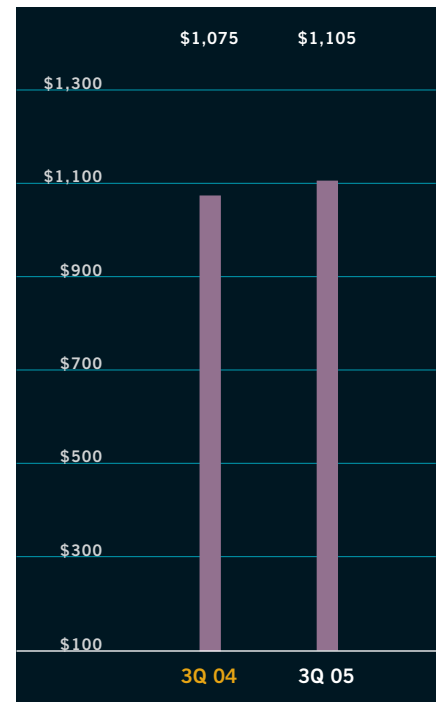
Average Price Per Room



3Q 04 3Q 05

Condominium

Average Price Per Square Foot



MIDTOWN

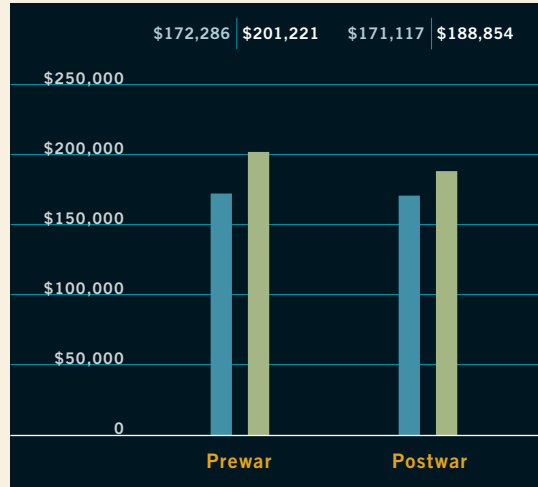
MIDTOWN EAST 34th to 58th Street, Fifth Avenue to the East River

Cooperative

Condominium

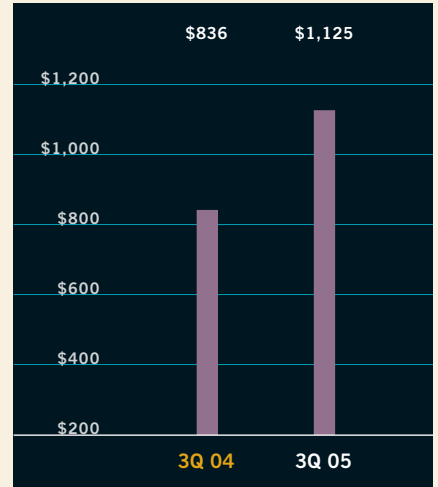
Activity at One Beacon Court continues to push up the average price per square foot for Midtown East condos. At \$1,125, this figure was up 35% from the third quarter of 2004.

Average Price Per Room



3Q 04 3Q 05

Average Price Per Square Foot



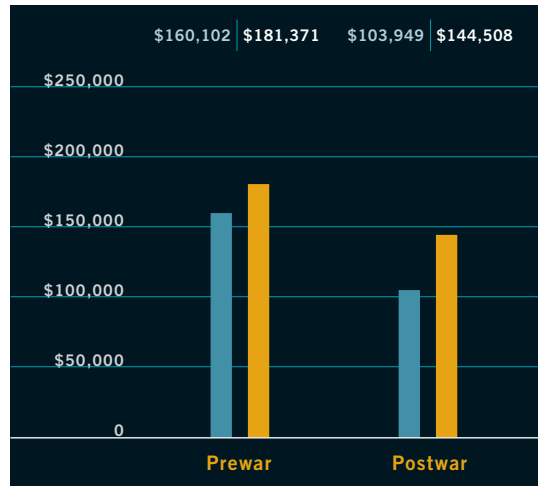
MIDTOWN WEST 34th to 58th Street, Hudson River to West of Fifth Avenue

Cooperative

Condominium

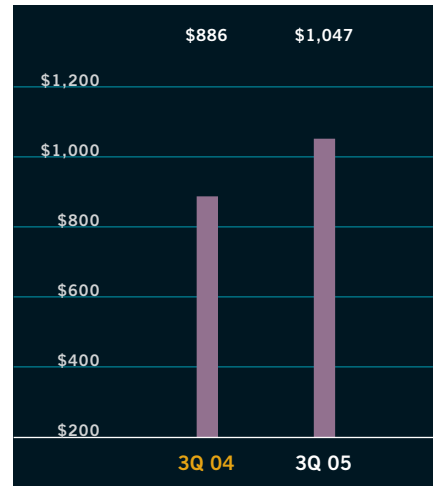
The average price per room for postwar co-ops in the Midtown West market of \$144,508 was 39% higher than a year ago.

Average Price Per Room



3Q 04 3Q 05

Average Price Per Square Foot



DOWNTOWN

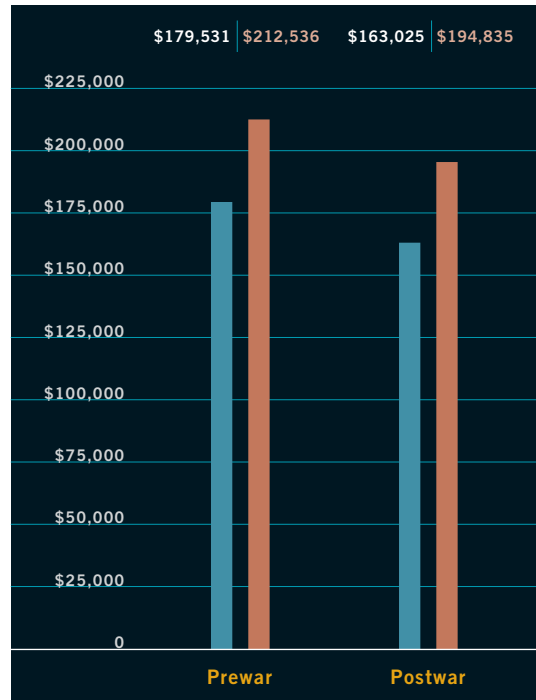
South of 34th Street

The average price for all sizes of apartments posted double-digit increases from 2004's third quarter. Studios had the largest rise, as their average price of \$430,821 was 33% higher than a year ago. Condos averaged \$1,005 per square foot, which was 22% higher during this time.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	3rd Q 04	8%	26%	45%	21%
	3rd Q 05	5%	26%	45%	24%
Average Price	3rd Q 04	\$1,784,259	\$1,035,632	\$536,183	\$322,751
	3rd Q 05	\$2,198,797	\$1,200,151	\$644,088	\$430,821
	% Change	23%	16%	20%	33%

Cooperative

Average Price Per Room



3Q 04 3Q 05

Condominium

Average Price Per Square Foot

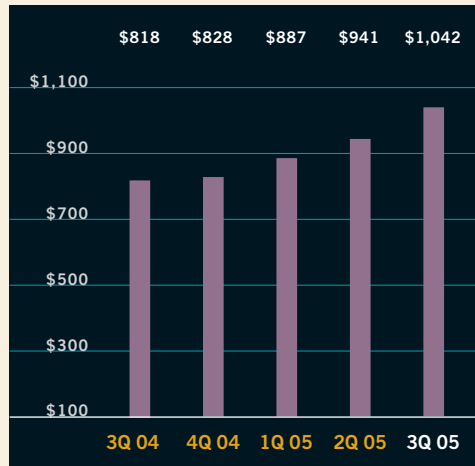


Manhattan Lofts

Loft prices averaged \$1,042 per square foot over the past three months, 27% higher than 2004's third quarter and a new record.

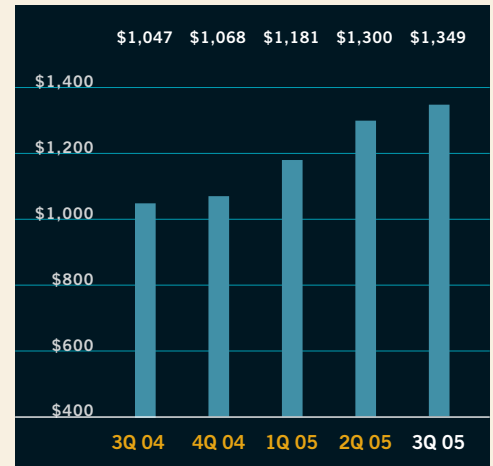
Townhouses now command an average of \$1,349 per square foot, a 29% improvement from a year ago.

Average Price Per Square Foot



Manhattan Townhouses

Average Price Per Square Foot



Brooklyn Heights and Park Slope

Apartments in Brooklyn Heights and Park Slope sold for an average price of \$612,367 in the third quarter, 35% higher than a year ago.

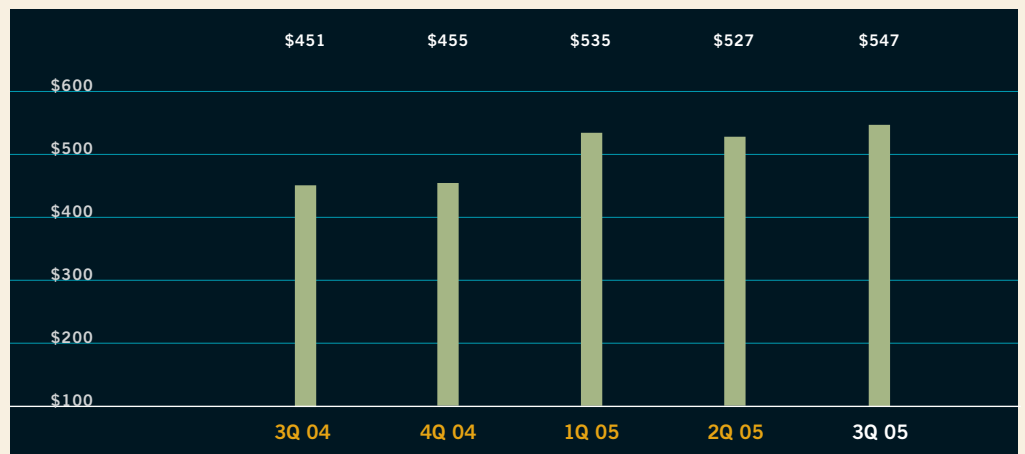
At \$547, the average price per square foot for townhouses in Brooklyn Heights and Park Slope was 21% more than during the third quarter of 2004.

Cooperatives and Condominiums

	2-BEDROOM	1-BEDROOM	STUDIO	ALL
Average Price				
3rd Q 04	\$527,709	\$388,448	\$224,513	\$453,113
3rd Q 05	\$703,677	\$438,452	\$283,263	\$612,367
% Change	33%	13%	26%	35%

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.



BROWN HARRIS STEVENS

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