

BROWN HARRIS STEVENS

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New York City Residential Market Report

Third Quarter 2006



EXCLUSIVE AFFILIATE OF
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GREAT ESTATES

Average Price per Square Foot Sets a New Record

The average price per square foot for Manhattan apartments of \$1,028 set a new record in the third quarter, and was 6% higher than a year ago. At the same time, the overall average sale price of \$1,087,982 was 4% less than a year ago, due in part to a 3% decline in the average size of apartments sold during this time. This illustrates that while the average unit sold is typically smaller than a year ago, it is commanding a higher price per square foot.

Manhattan cooperative apartments sold for an average price of \$1,003,945 in the third quarter, a decline of 4% from a year ago, although this was not found throughout all areas of Manhattan. This decrease was concentrated in larger apartments, as the average price rose 6% for one-bedroom and 2% for studio co-ops over this time. Further, the median price for all Manhattan co-ops sales of \$640,000 was down only 1% from a year ago, providing evidence that a decrease in activity at the high end of the market helped push the overall average price lower.

While the average condominium sale price fell 6% from 2005's third quarter to \$1,196,931, much of this is attributable to the fact that the condos sold were smaller than a year ago. The average square footage for condos sold fell 5% over the past year, so it's not surprising that the average price would fall as well. The average price per square foot for condos rose 2% from the third quarter of 2005, reaching \$1,108. We believe this figure presents a better picture of the condo market right now.

Over the past two years the residential market has slowed sharply during the last half of the year. While some might interpret the decline in the average price during the third quarter as a sign of a market slowdown, it is important to take a broader view of the market. The City's economy remains very strong, and is now creating jobs at a faster pace than the nation. Interest rates, which had risen steadily, have begun to slowly fall as inflation remains under control. These factors should continue to keep demand strong and prices stable, even as inventory remains higher than a year ago.

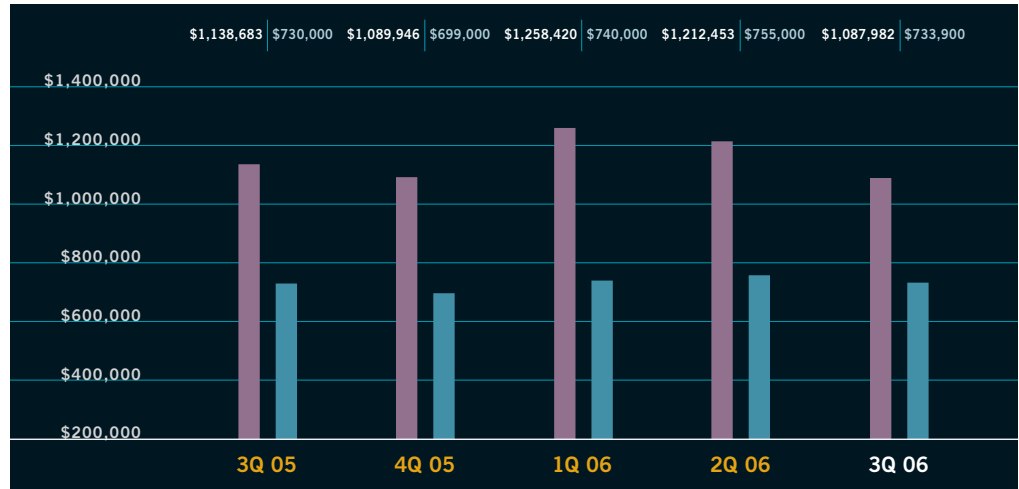
Transaction data for this market report is provided by ValuExchange, a proprietary database containing the largest known survey of the New York City residential market. This report is based on 2,413 reported Manhattan apartment sales.

— Gregory J. Heym
Chief Economist, Brown Harris Stevens

Manhattan Cooperatives and Condominiums

The average price per square foot for Manhattan apartments reached \$1,028 in the third quarter. This figure was 6% higher than a year ago and a new record.

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 06	\$5,379,113	\$2,707,495	\$1,354,930	\$702,024	\$412,147	\$1,087,982
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

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
3rd Q 06	\$1,587	\$1,382	\$1,057	\$956	\$925	\$1,028
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

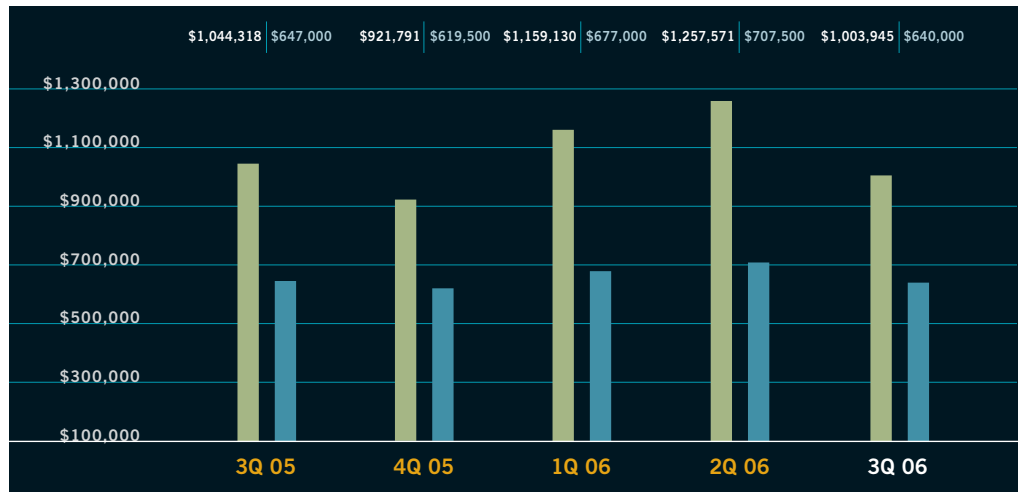
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
3rd Q 06	\$587,851	\$407,644	\$300,381	\$220,895	\$198,305	\$265,997
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

Manhattan Cooperative Apartments

Co-op prices averaged \$1,003,945 in the third quarter, 4% less than a year ago. The co-op median price of \$640,000 was down only 1% during this time, indicating a decline in sales at the upper end of the market.

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 06	\$4,821,935	\$2,845,196	\$1,249,900	\$615,229	\$360,053	\$1,003,945
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

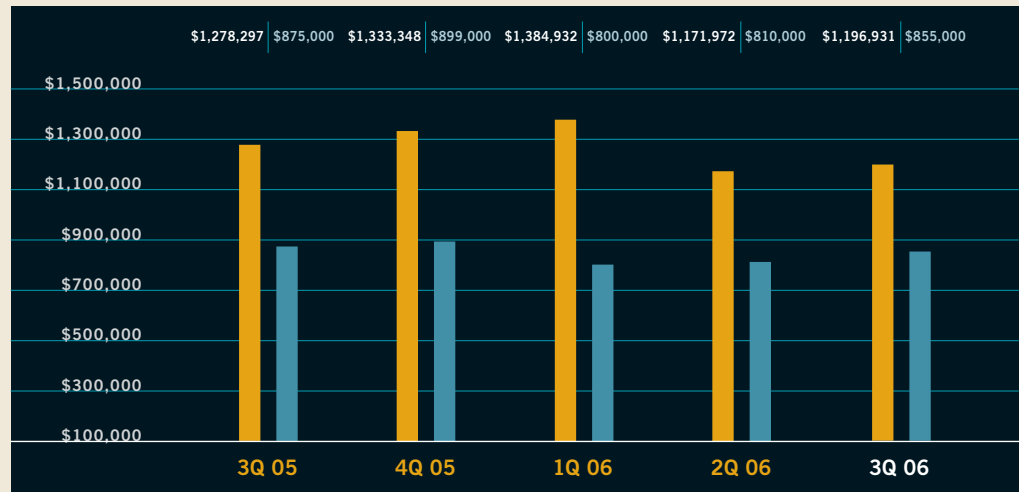
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
3rd Q 06	\$500,984	\$388,644	\$262,169	\$188,373	\$170,580	\$227,810
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

Manhattan Condominium Apartments

A decline in the size of condos sold helped push the average sale price down 6% from a year ago, to \$1,196,931. On a per square foot basis however, the average price rose 2% during this time to \$1,108.

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 06	\$6,132,941	\$2,586,133	\$1,483,365	\$797,779	\$504,055	\$1,196,931
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

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
3rd Q 06	\$1,661	\$1,426	\$1,131	\$1,045	\$997	\$1,108
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

EAST SIDE

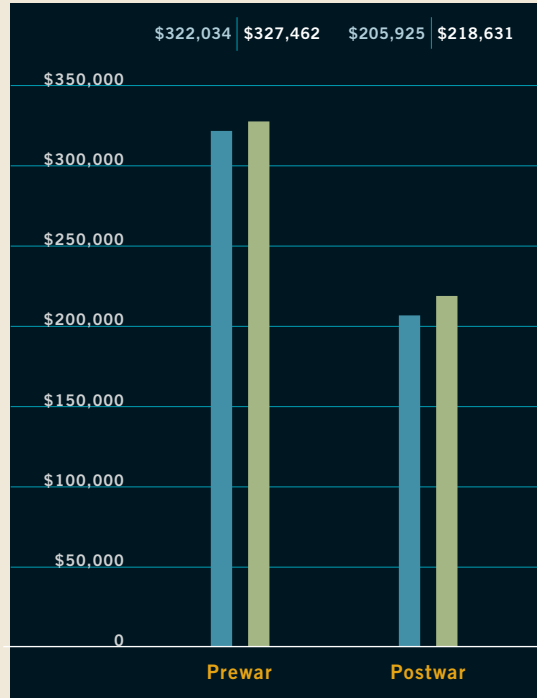
Generally 59th to 96th Street, Fifth Avenue to the East River

Three-bedroom apartments on the East Side sold for an average price of \$3,337,562, a 20% improvement from the third quarter of 2005. One-bedrooms also fared well, as their average price rose 10% over the past year to \$660,843.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	3rd Q 05	5%	16%	30%	37%	12%
	3rd Q 06	3%	14%	36%	32%	14%
Average Price	3rd Q 05	\$5,311,993	\$2,777,786	\$1,455,693	\$602,654	\$369,090
	3rd Q 06	\$5,653,553	\$3,337,562	\$1,481,518	\$660,843	\$351,429
	% Change	6%	20%	2%	10%	-5%

Cooperative

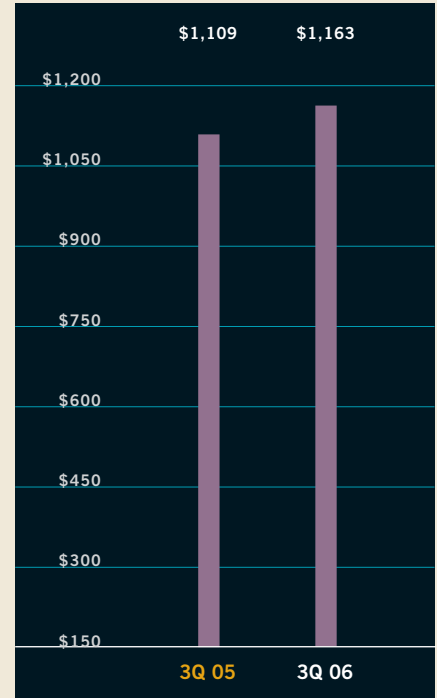
Average Price Per Room



3Q 05 3Q 06

Condominium

Average Price Per Square Foot



WEST SIDE

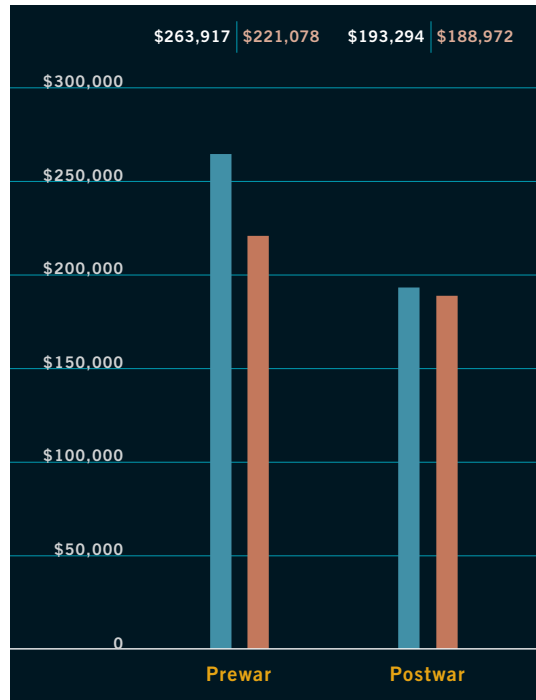
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

Prices were generally down on the West Side from the third quarter of 2005, with the exception of condominiums. The average price per square foot for condos of \$1,122 was up 2% from a year ago.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	3rd Q 05	14%	33%	42%	11%
	3rd Q 06	10%	33%	41%	16%
Average Price	3rd Q 05	\$3,218,684	\$1,376,605	\$697,282	\$399,889
	3rd Q 06	\$2,778,796	\$1,239,324	\$660,173	\$397,991
	% Change	-14%	-10%	-5%	0%

Cooperative

Average Price Per Room



3Q 05 3Q 06

Condominium

Average Price Per Square Foot



MIDTOWN

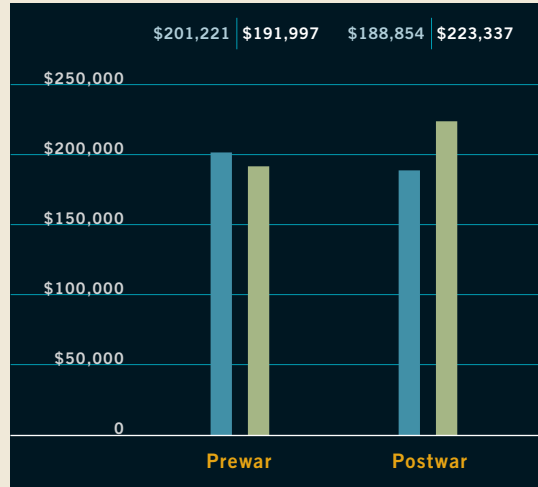
MIDTOWN EAST 34th to 58th Street, Fifth Avenue to the East River

Cooperative

Condominium

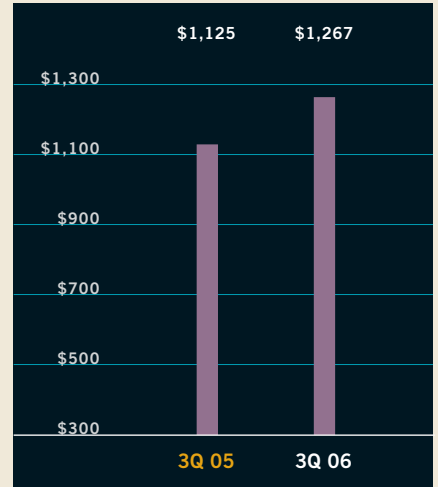
Postwar co-ops located in the Midtown East market sold for an average price of \$223,337 a room, 18% higher than 2005's third quarter.

Average Price Per Room



3Q 05 3Q 06

Average Price Per Square Foot



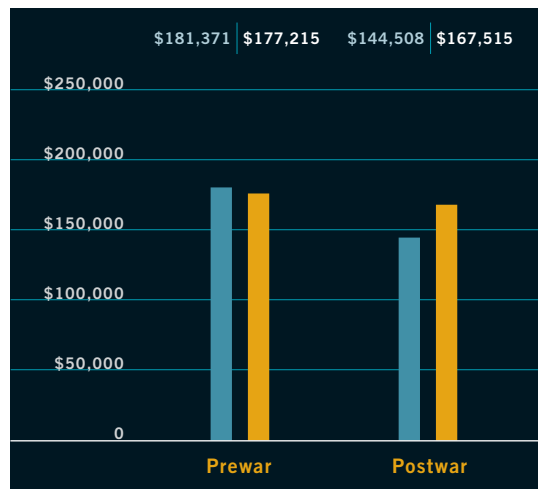
MIDTOWN WEST 34th to 58th Street, Hudson River to West of Fifth Avenue

Cooperative

Condominium

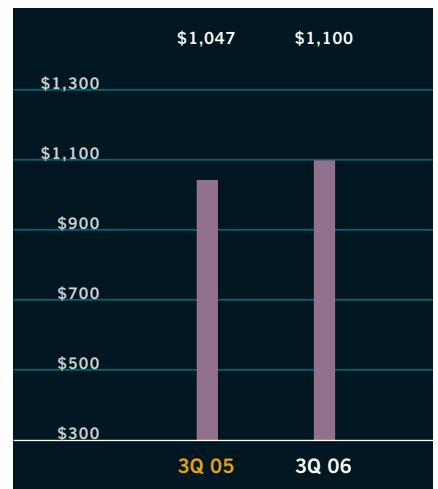
The Midtown West market also posted a steep rise in the price per room of postwar co-ops, which rose 16% to \$167,515.

Average Price Per Room



3Q 05 3Q 06

Average Price Per Square Foot



DOWNTOWN

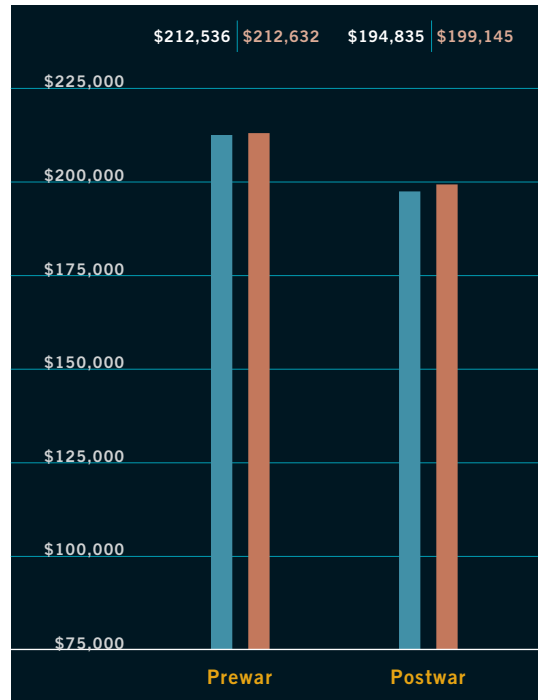
South of 34th Street

The average price for a one-bedroom apartment Downtown reached \$675,478, 5% more than during 2005's third quarter. This was the largest increase of any size category over the past year.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	3rd Q 05	5%	26%	45%	24%
	3rd Q 06	6%	25%	47%	22%
Average Price	3rd Q 05	\$2,198,797	\$1,200,151	\$644,088	\$430,821
	3rd Q 06	\$2,244,945	\$1,194,626	\$675,478	\$445,834
	% Change	2%	0%	5%	3%

Cooperative

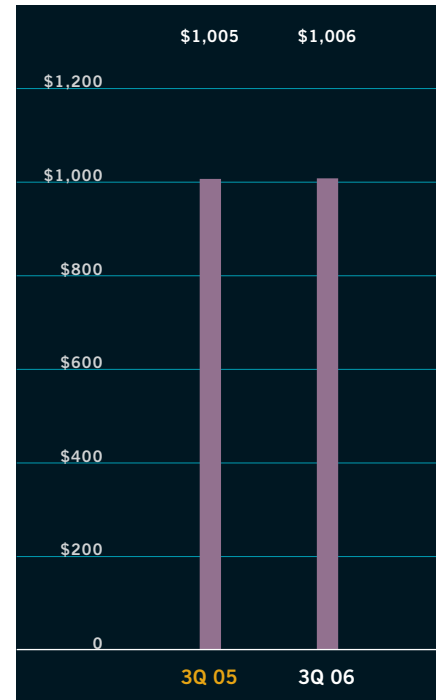
Average Price Per Room



3Q 05 3Q 06

Condominium

Average Price Per Square Foot

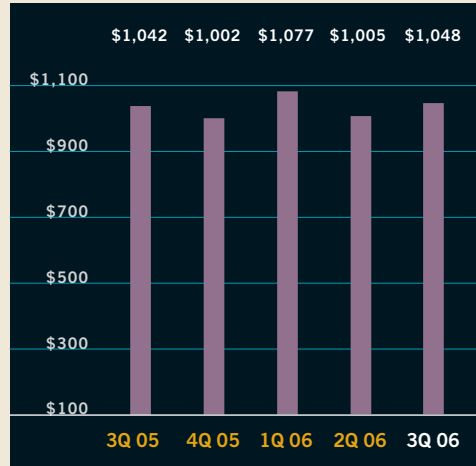


Manhattan Lofts

Loft prices averaged \$1,048 per square foot in the third quarter, up 1% from a year ago.

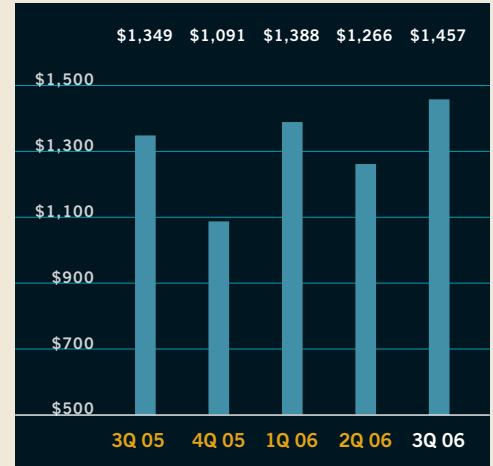
At \$1,457 per square foot, the average townhouse price bettered that of a year ago by 8%.

Average Price Per Square Foot



Manhattan Townhouses

Average Price Per Square Foot



Brooklyn Heights and Park Slope

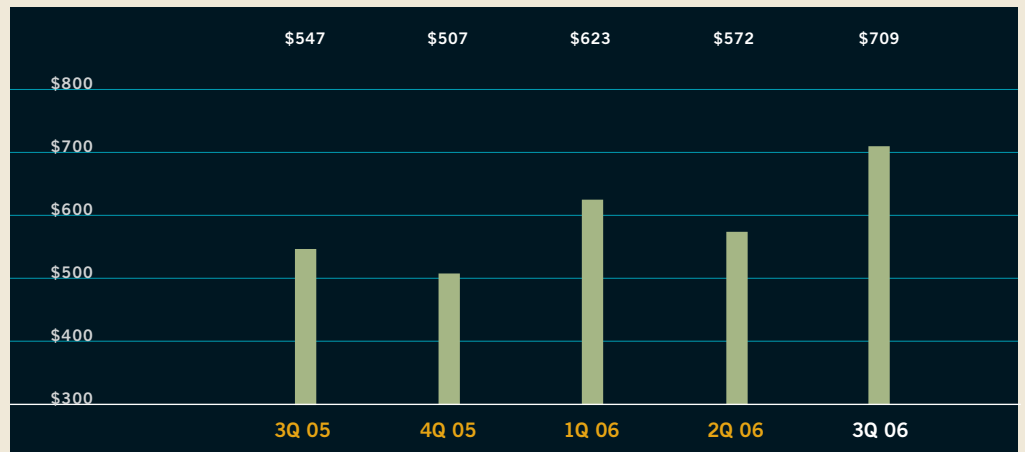
Apartment prices were up throughout Brooklyn Heights and Park Slope in the third quarter, with the average price of \$672,170 10% higher than a year ago. For townhouses in these neighborhoods, their average price of \$709 per square foot was 30% higher than a year ago.

Cooperatives and Condominiums

	2-BEDROOM	1-BEDROOM	STUDIO	ALL
Average Price				
3rd Q 05	\$703,677	\$438,452	\$283,263	\$612,367
3rd Q 06	\$741,321	\$448,587	\$322,400	\$672,170
% Change	5%	2%	14%	10%

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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