

BROWN HARRIS STEVENS

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Manhattan Residential Market Report

Third Quarter 2008



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Prices Soften in Some Sectors

Apartments closing in the third quarter sold for an average price of \$1,473,351, 12% higher than a year ago, but down from the prior quarter. The decline from the second quarter is largely attributable to a sharp reduction in closings at 15 Central Park West and The Plaza, which have just about finished their initial sales. The average price without these two buildings would have been \$1,399,524 in the third quarter, 6% less than the comparable second quarter figure of \$1,485,784. The median price for all sales was \$910,000, 12% higher than a year ago and the second highest figure on record. The number of closings during the third quarter was 14% below a year ago, as activity continues to fall off from the record pace of 2007.

Similarly to the past few quarters, new developments accounted for an increasing percentage of the market. Overall, 39% of all apartment sales and 70% of condominium sales were in new developments, which sold for an average of \$1,669,216. These sales do provide a lagging view of the market, as the average contract for new development sales was signed on September 25th, 2007.

Condo prices, which had been driven higher over the past few quarters by 15 Central Park West and Plaza sales, averaged \$1,651,677 in the third quarter. Removing these buildings would bring the average condo price down to \$1,541,806, 7% below the comparable figure of the second quarter.

At \$1,199,909, the average price for a co-op in the third quarter was 14% higher than a year ago, but 7% below the prior quarter. While four-bedroom and larger co-op prices rose 71% over the past year, this was primarily due to two closings over \$40 million. The median co-op price of \$680,000 was up 6% from 2007's third quarter.

As we enter year two of the credit crisis, it is only now that we are beginning to see an effect on market indicators. There are two reasons for this delay. One is the protracted period of time from a contract signing to closing, which for some properties can span a year or more. The solid market fundamentals of Manhattan are another factor. Limited inventory, significant equity due to cooperatives restricting financing, a low percentage of investor-owned residential properties, and a diverse economy have contributed to the long-term stability of the market. Even now, many economic indicators remain strong in New York City, as reflected by the August employment level that was almost 31,000 higher than a year ago, while unemployment remained below 6%.

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 3,165 recorded Manhattan apartment sales.

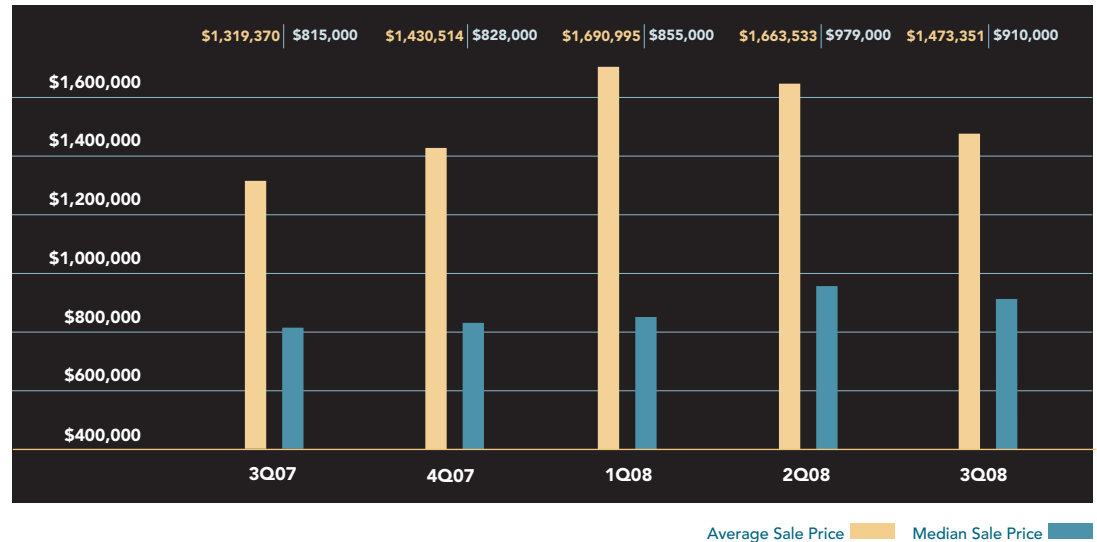
GREGORY J. HEYM

Chief Economist, Brown Harris Stevens

Manhattan Cooperatives and Condominiums

At \$1,473,351, the average Manhattan apartment price fell from the second quarter of 2008, but was up 12% over the past year.

Average and Median Sale Price



Average Sale Price

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
3rd Q 08	\$8,878,019	\$3,088,451	\$1,540,920	\$805,682	\$493,257	\$1,473,351
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

Average Price Per Square Foot

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
3rd Q 08	\$2,173	\$1,540	\$1,214	\$1,063	\$984	\$1,184
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

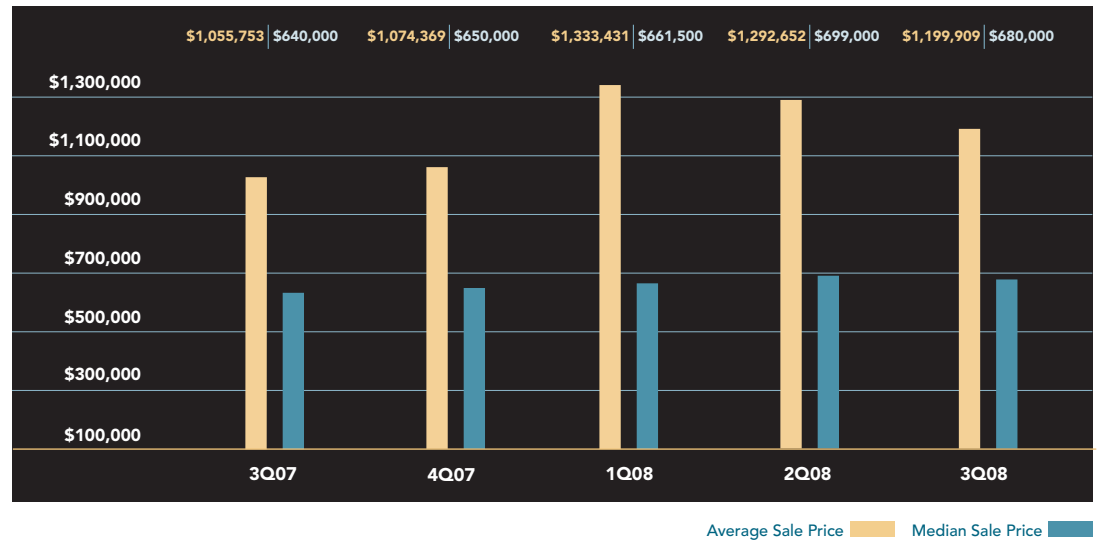
Average Price Per Room

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
3rd Q 08	\$917,384	\$494,702	\$344,739	\$255,496	\$233,223	\$323,046
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

Manhattan Cooperative Apartments

The median price for cooperative apartments fell 3% from the second quarter of 2008, to \$680,000.

Average and Median Sale Price



Average Sale Price

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
3rd Q 08	\$10,160,049	\$2,574,422	\$1,264,292	\$667,816	\$400,109	\$1,199,909
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

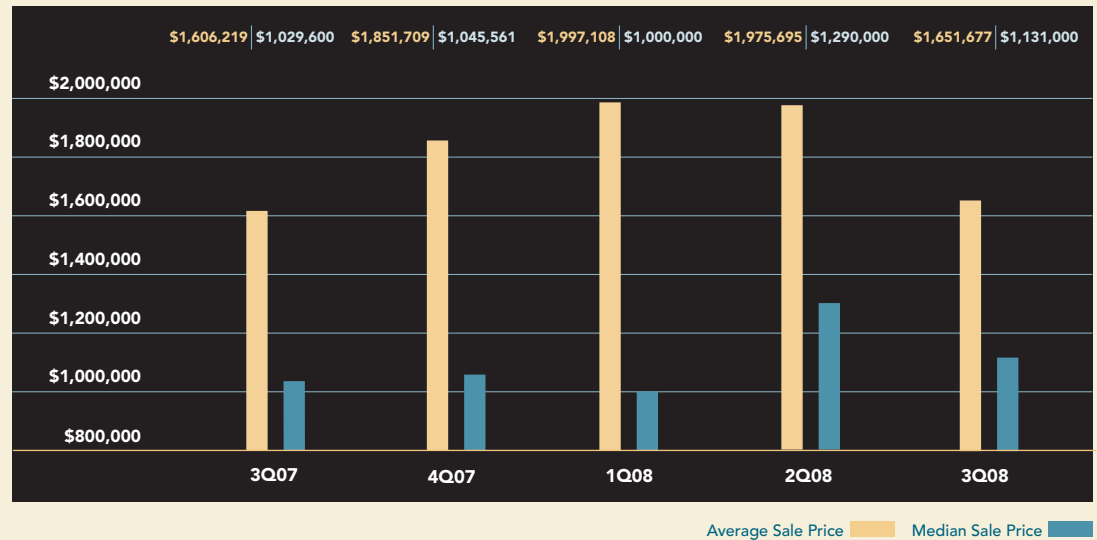
Average Price Per Room

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
3rd Q 08	\$937,691	\$391,278	\$270,736	\$205,912	\$184,794	\$255,399
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

Manhattan Condominium Apartments

A sharp reduction in the number of closings at 15 Central Park West and The Plaza helped bring the average condo price down to \$1,651,677 in the third quarter.

Average and Median Sale Price



Average Sale Price

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
3rd Q 08	\$7,988,448	\$3,385,446	\$1,718,786	\$912,414	\$644,510	\$1,651,677
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

Average Price Per Square Foot

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
3rd Q 08	\$2,066	\$1,622	\$1,283	\$1,128	\$1,055	\$1,257
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

EAST SIDE

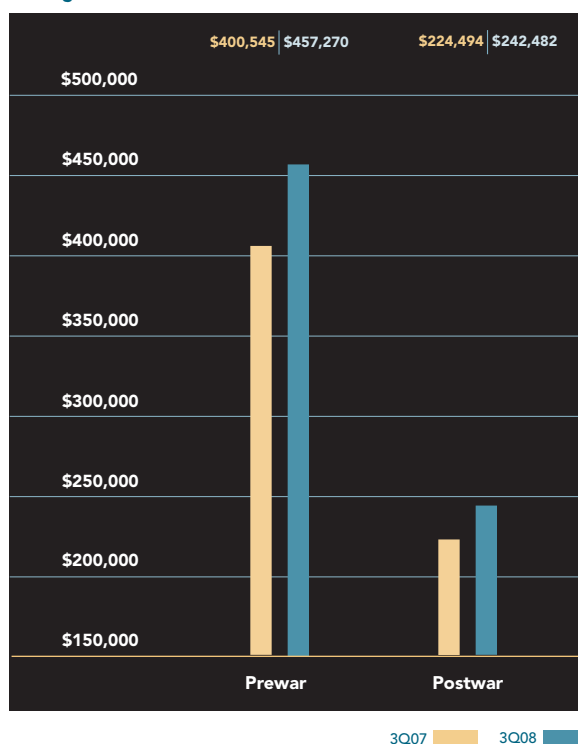
Generally 59th to 96th Street, Fifth Avenue to the East River

Four closings over \$30 million helped push the average four-bedroom and larger price on the East Side up 95% over the past year. These closings also led the average prewar co-op price per room 14% higher from 2007's third quarter, to \$457,270.

		4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	3rd Q 07	4%	13%	32%	34%	16%
	3rd Q 08	7%	12%	29%	39%	13%
Average Price	3rd Q 07	\$6,600,294	\$3,191,973	\$1,629,347	\$708,974	\$396,333
	3rd Q 08	\$12,854,946	\$3,138,064	\$1,623,043	\$723,128	\$412,776
	% Change	95%	-2%	0%	2%	4%

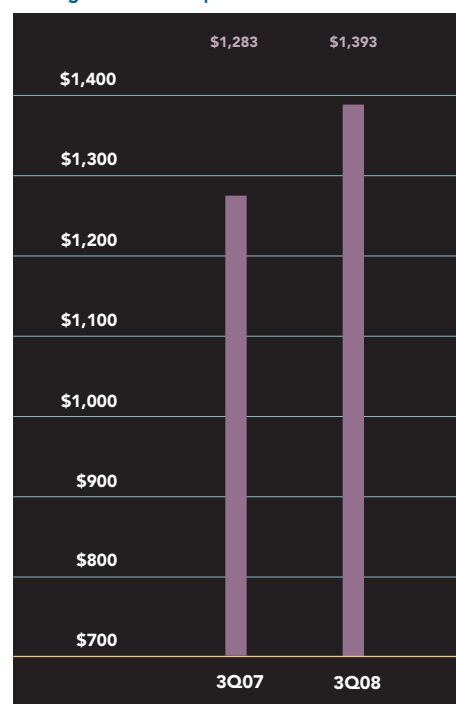
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



WEST SIDE

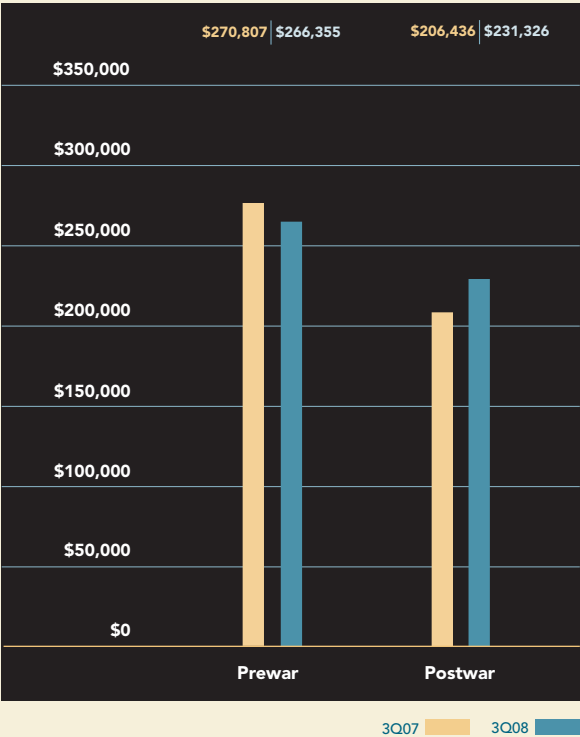
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

While the reduction in 15 Central Park West closings brought down many West Side statistics, the average prices for all sizes of apartments in this market were higher than a year ago. These gains were led by a 13% increase in the average price for one-bedrooms, to \$829,661.

		3+Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	3rd Q 07	13%	34%	39%	14%
	3rd Q 08	16%	37%	37%	10%
Average Price	3rd Q 07	\$4,050,609	\$1,626,342	\$735,691	\$432,201
	3rd Q 08	\$4,100,499	\$1,711,099	\$829,661	\$483,700
	% Change	1%	5%	13%	12%

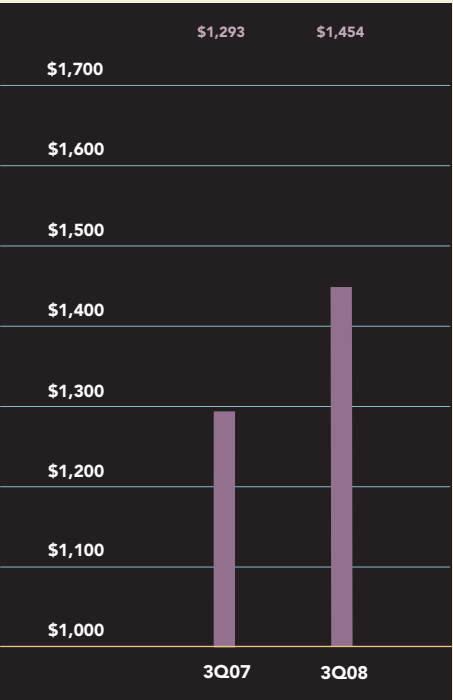
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

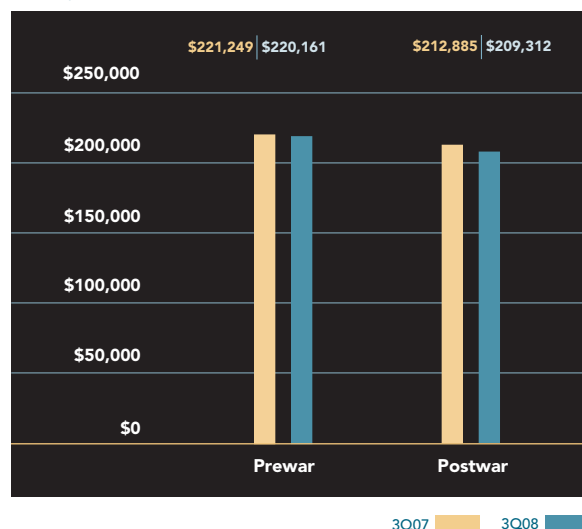


MIDTOWN

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

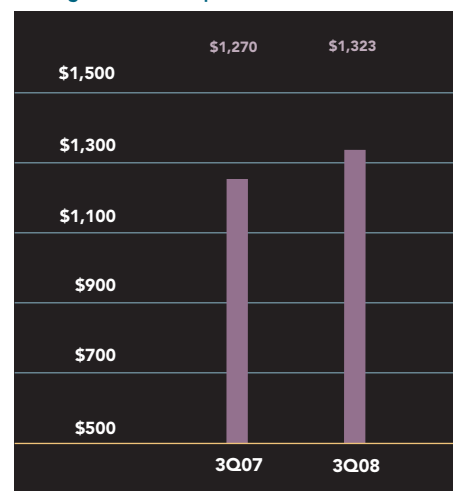
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

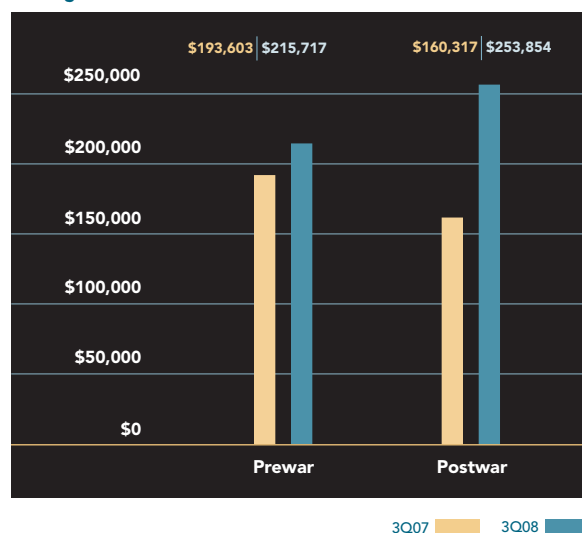


Condo prices averaged \$1,323 per square foot in the Midtown East market, 4% higher than during the third quarter of 2007.

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

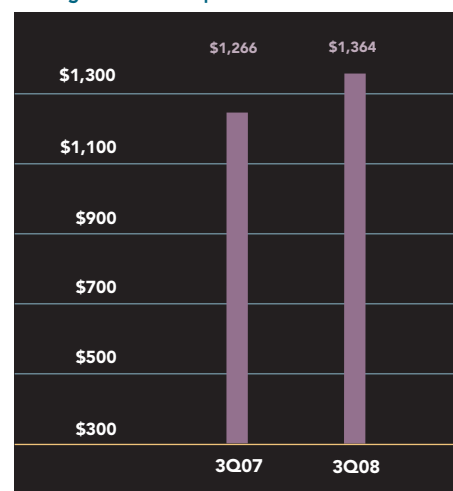
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



Sales at 200 Central Park South helped bring the average price per room for postwar co-ops up 58% over the past year in the Midtown West market.

DOWNTOWN

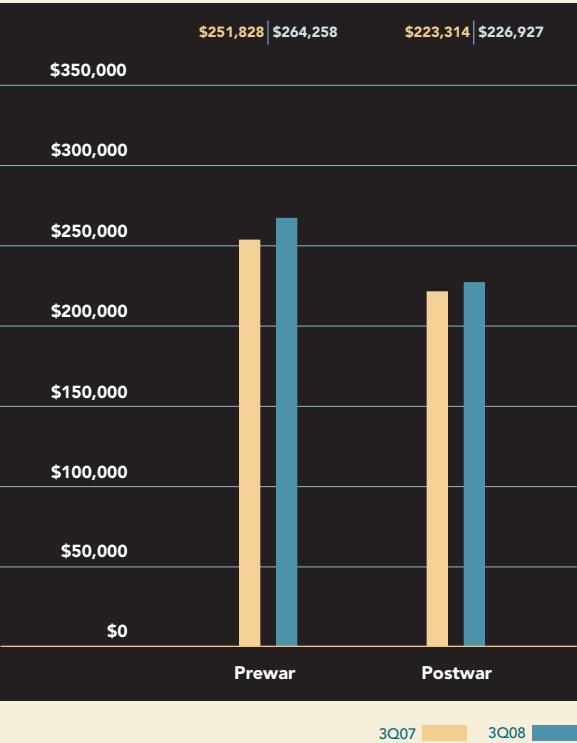
South of 34th Street

While the average price fell for three-bedroom and larger apartments over the past year Downtown, all other size categories posted increases over this time. Gains were led by studios and two-bedrooms, whose average prices rose 11% and 6% respectively, from the third quarter of 2007.

		3+Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	3rd Q 07	15%	26%	40%	19%
	3rd Q 08	11%	32%	43%	14%
Average Price	3rd Q 07	\$3,551,669	\$1,524,910	\$821,502	\$488,717
	3rd Q 08	\$2,872,343	\$1,622,321	\$856,176	\$542,283
	% Change	-19%	6%	4%	11%

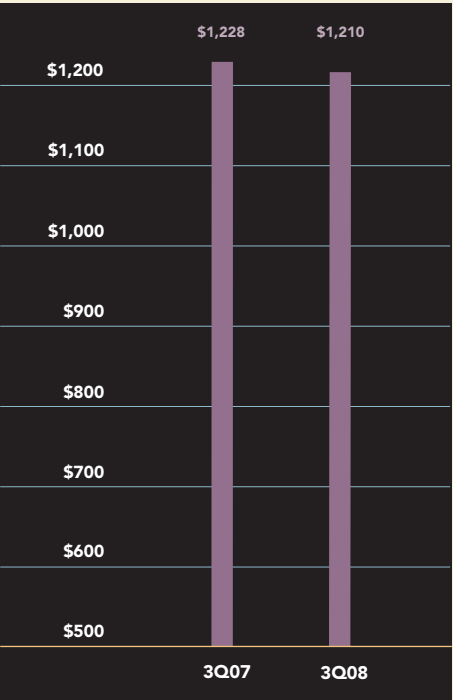
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



NORTHERN MANHATTAN

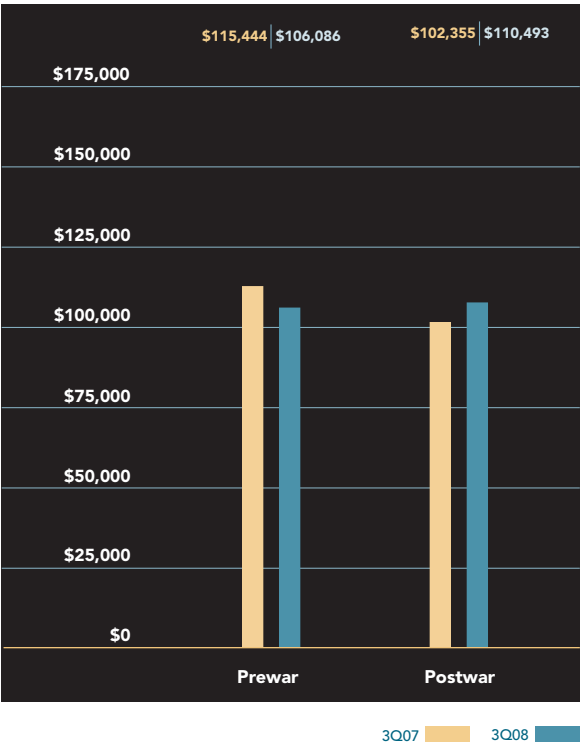
Generally north of 96th Street on the East Side, and 110th Street on the West Side

New development sales were a big part of pricing gains in Northern Manhattan, as most size categories posted double-digit increases in average price over the past year.

		3+Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	3rd Q 07	14%	49%	31%	5%
	3rd Q 08	9%	37%	48%	7%
Average Price	3rd Q 07	\$891,888	\$592,575	\$373,538	\$286,516
	3rd Q 08	\$1,130,325	\$583,584	\$463,415	\$341,593
	% Change	27%	-2%	24%	19%

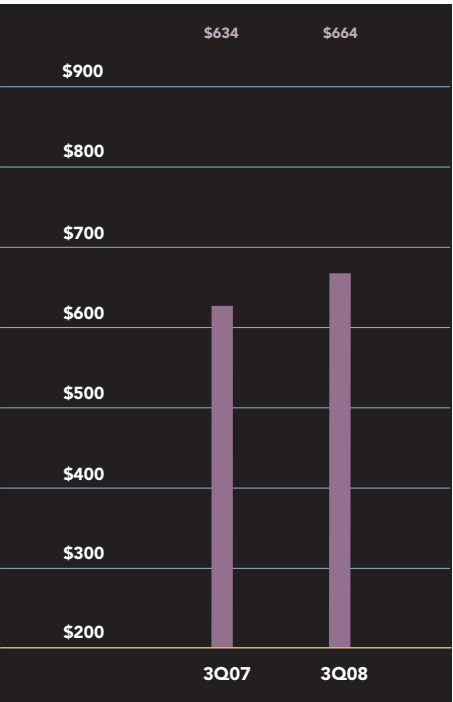
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

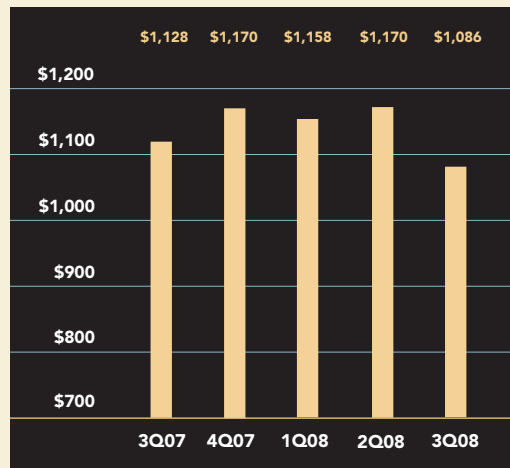


MANHATTAN

LOFTS AND TOWNHOUSES

Manhattan Lofts

Average Price Per Square Foot

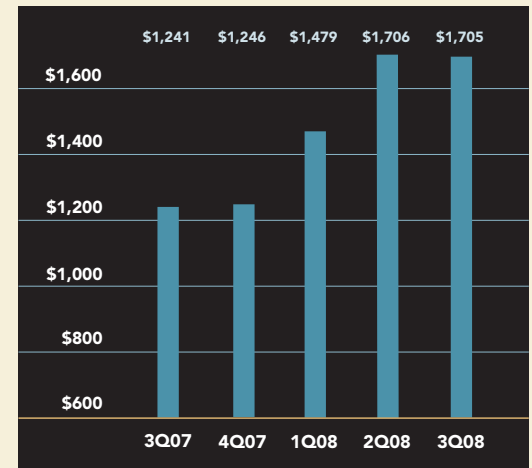


The average price per square foot for lofts fell 4% over the past year, to \$1,086.

At \$1,705 per square foot, the average townhouse price was 37% higher than during the third quarter of 2007.

Manhattan Townhouses

Average Price Per Square Foot



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