

BROWN HARRIS STEVENS

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Manhattan Residential Market Report

Fourth Quarter 2004



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Overall Market Strength Continues

The average price of an apartment in Manhattan has now spent three quarters over the \$1 million mark, with the fourth quarter coming in at \$1,052,155. This is 30% higher than a year ago, and 3% higher than the previous quarter. *For the second consecutive quarter the median price posted a higher twelve month increase than the average price.* At \$675,000 the fourth quarter's median price was 38% higher than a year ago, and 4% higher than the prior three months. This provides further evidence of the overall strength of all sectors of the market as the median price reduces the impact of sales at the extreme high end of the market.

The most impressive results for the quarter were seen in cooperatives, which after dipping in price during the third quarter rebounded sharply. The average price of a co-op was \$1,020,202, 35% higher than during 2003's fourth quarter and 7% higher than just three months ago. This marks the first time the average co-op price has crossed the \$1 million mark. All sizes posted sharp gains over the past year, led by a 48% jump in four-bedroom and larger units. This number must be viewed with caution, however, as a sizable increase in high-end sales from 2003's fourth quarter helped fuel this rise. Perhaps even more impressive was the co-op median price, which at \$625,000 was 39% higher than a year ago and 5% higher than last quarter.

Condominium prices have now averaged over \$1 million for four straight quarters. At \$1,132,703 the fourth quarter's average price was 24% higher than 2003's comparable period. All size categories were up during this time, and were led by three-bedrooms which increased 33% in price. The overall increase is also reflected in the 33% rise in median price over the year, to \$759,500. This figure is also 5% higher than the prior quarter.

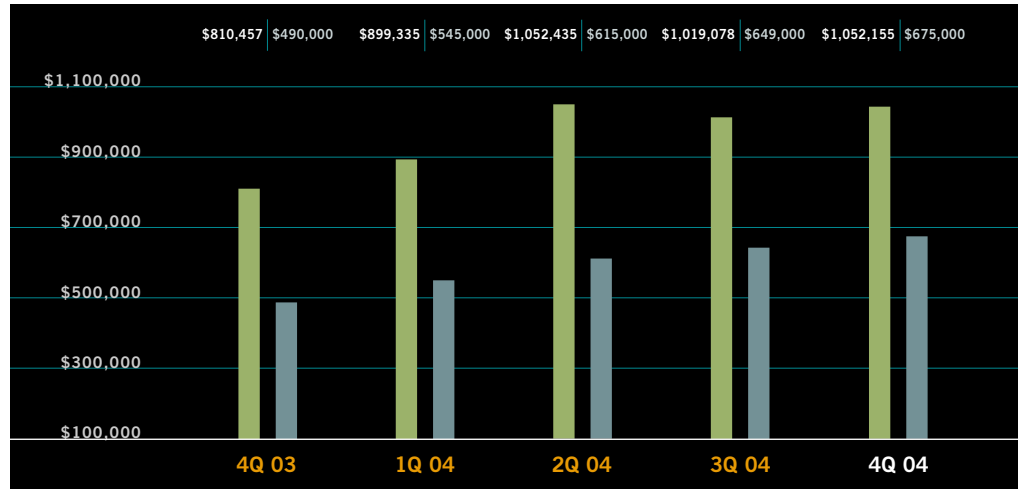
The City's economy continues to show strength and job growth is gaining momentum. After three years of job losses, the Federal Reserve Bank of New York estimates that the City added 24,000 jobs in 2004 and will add more than 38,000 in 2005. This is certainly welcome news to the residential real estate market, and will keep demand for apartments strong despite recent rises in interest rates. While the Federal Reserve has begun its measured pace of rate hikes, this has yet to significantly affect mortgage rates as inflation has remained in check. Even with the Fed's continued tightening, rates should remain at historically low levels through the first half of the year.

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 Manhattan residential market. This report is based on 1,938 reported sales.

— Gregory J. Heym
Chief Economist, Brown Harris Stevens

All Cooperatives and Condominiums

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Apartment prices averaged \$1,052,155 in the fourth quarter, 30% higher than a year ago.

The median price of \$675,000 was 38% higher during this time, showing the strength of overall market.

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
2nd Q 04	\$5,145,762	\$2,402,904	\$1,166,390	\$524,341	\$306,681	\$1,052,435
1st Q 04	\$5,091,421	\$2,191,806	\$1,050,598	\$475,513	\$266,630	\$ 899,335
4th Q 03	\$3,550,914	\$1,885,836	\$ 990,971	\$461,925	\$266,628	\$ 810,457

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
4th Q 04	\$1,308	\$1,107	\$838	\$735	\$698	\$813
3rd Q 04	\$1,316	\$1,070	\$866	\$744	\$697	\$824
2nd Q 04	\$1,252	\$1,040	\$809	\$685	\$658	\$777
1st Q 04	\$1,226	\$ 982	\$882	\$623	\$561	\$743
4th Q 03	\$1,053	\$ 879	\$703	\$603	\$552	\$667

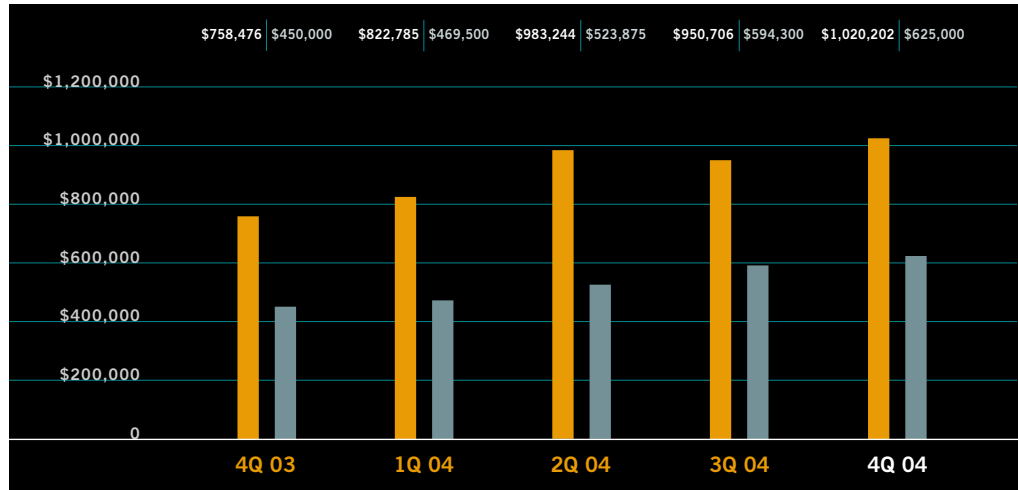
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
2nd Q 04	\$521,439	\$379,602	\$248,359	\$162,935	\$140,786	\$222,380
1st Q 04	\$520,374	\$328,851	\$223,899	\$149,452	\$123,086	\$195,350
4th Q 03	\$390,886	\$288,689	\$210,524	\$144,861	\$122,795	\$182,118

Cooperative Apartments

For the first time, the average cooperative price topped the \$1 million mark and is up 35% since 2003's fourth quarter. More impressive is the rise in the median price during this time, which is 39% higher, at \$625,000.

Average and Median Sale Price



Average Sale Price ■ Median Sale Price ■

Average Sale Price

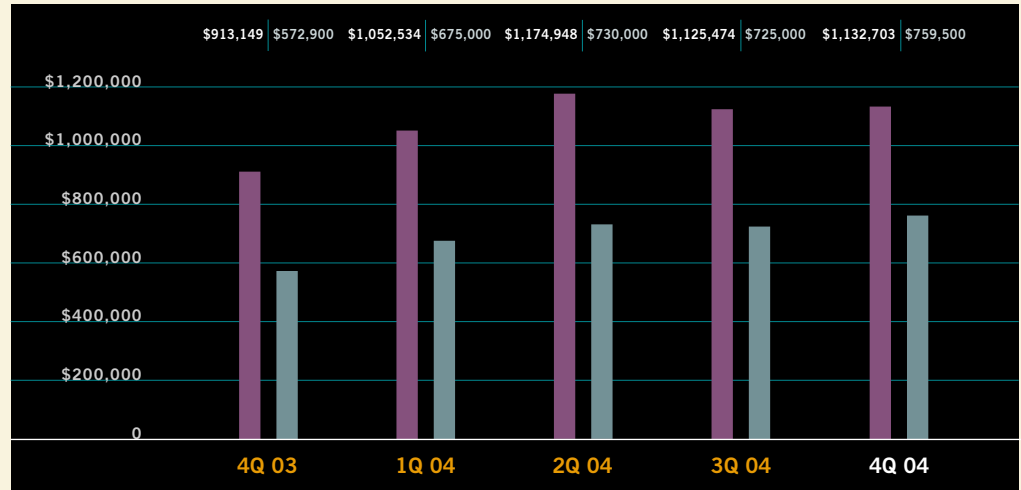
	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
4th Q 04	\$4,865,715	\$2,507,697	\$1,125,514	\$499,742	\$295,499	\$1,020,202
3rd Q 04	\$4,533,319	\$2,272,196	\$1,120,269	\$483,163	\$283,958	\$ 950,706
2nd Q 04	\$5,400,900	\$2,419,584	\$1,066,555	\$468,612	\$263,130	\$ 983,244
1st Q 04	\$4,902,273	\$2,045,945	\$ 969,221	\$438,149	\$236,864	\$ 822,785
4th Q 03	\$3,293,864	\$1,825,066	\$ 951,263	\$425,676	\$236,704	\$ 758,476

Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
2nd Q 04	\$499,610	\$325,352	\$215,766	\$143,769	\$122,488	\$194,107
1st Q 04	\$451,732	\$287,808	\$195,660	\$136,062	\$108,467	\$171,569
4th Q 03	\$347,355	\$261,572	\$192,410	\$132,501	\$107,761	\$164,748

Condominium Apartments

Average and Median Sale Price



The average price for condominiums spent all of 2004 over the \$1 million mark, and is up 24% over the past twelve months. The median price posted a sharper increase during this time, up 33% to \$759,500.

Average Sale Price Median Sale Price

Average Sale Price

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
2nd Q 04	\$4,739,793	\$2,421,250	\$1,296,831	\$609,898	\$361,341	\$1,174,948
1st Q 04	\$5,643,799	\$2,426,436	\$1,197,529	\$544,044	\$336,852	\$1,052,534
4th Q 03	\$4,119,466	\$2,022,382	\$1,075,171	\$527,988	\$319,888	\$ 913,149

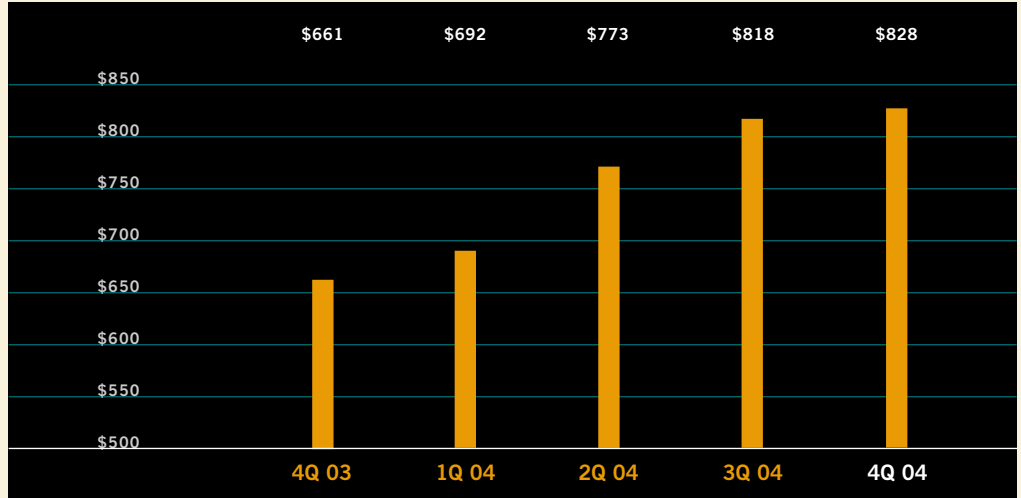
Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
4th Q 04	\$1,413	\$1,226	\$957	\$849	\$838	\$939
3rd Q 04	\$1,432	\$1,209	\$977	\$828	\$812	\$927
2nd Q 04	\$1,380	\$1,119	\$934	\$790	\$765	\$902
1st Q 04	\$1,415	\$1,076	\$906	\$702	\$676	\$827
4th Q 03	\$1,218	\$ 999	\$804	\$683	\$634	\$766

Lofts

The appeal of lofts continued, as their average price per square foot of \$828 was 25% higher than during 2003's fourth quarter.

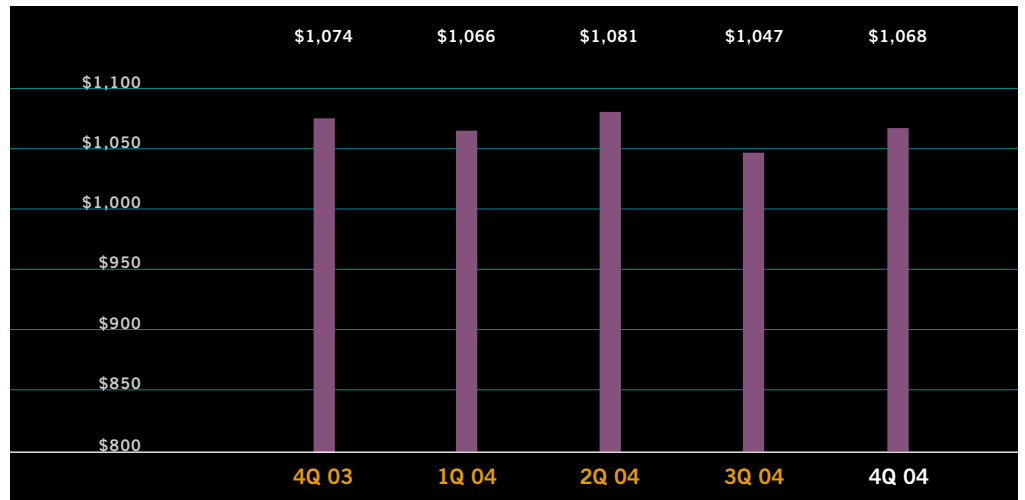
Average Price Per Square Foot



Townhouses

Townhouses averaged \$1,068 per square foot during the fourth quarter.

Average Price Per Square Foot



EAST SIDE

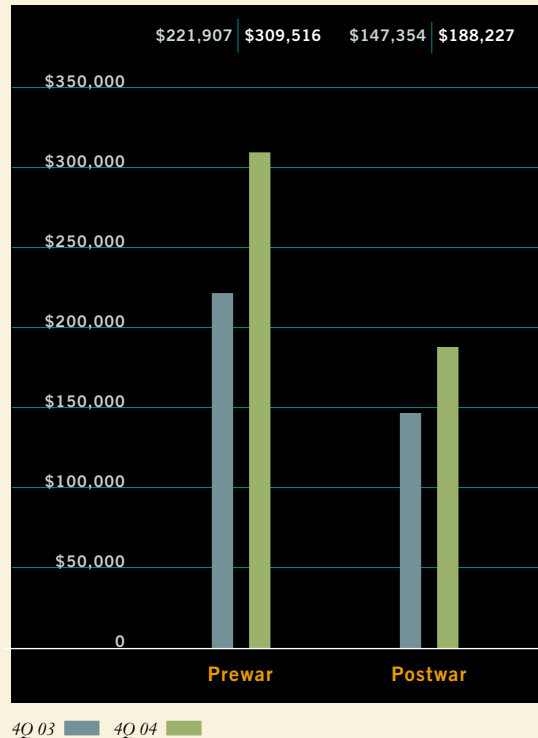
Generally 59th to 96th Street, Fifth Avenue to the East River

Larger apartments increased both in price and activity on the East Side during the fourth quarter. Four-bedroom and larger units accounted for 3% more sales than a year ago, and their average price jumped 46% during this time. Three-bedrooms made up 2% more of the sales, and averaged 45% more in price. We must note that these increases are due in part to a sharp rise in sales on the high end which can inflate averages, and are not indicative of the rise in value of a given apartment. This is also reflected in the average price per room for co-ops in this market, up 40% for prewar and 28% for postwar units.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	4th Q 03	3%	13%	32%	40%	12%
	4th Q 04	6%	15%	35%	35%	9%
Average Price	4th Q 03	\$3,804,939	\$1,881,036	\$1,046,797	\$455,837	\$235,683
	4th Q 04	\$5,558,619	\$2,722,246	\$1,233,602	\$531,176	\$283,500
	% Change	46%	45%	18%	17%	20%

Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



WEST SIDE

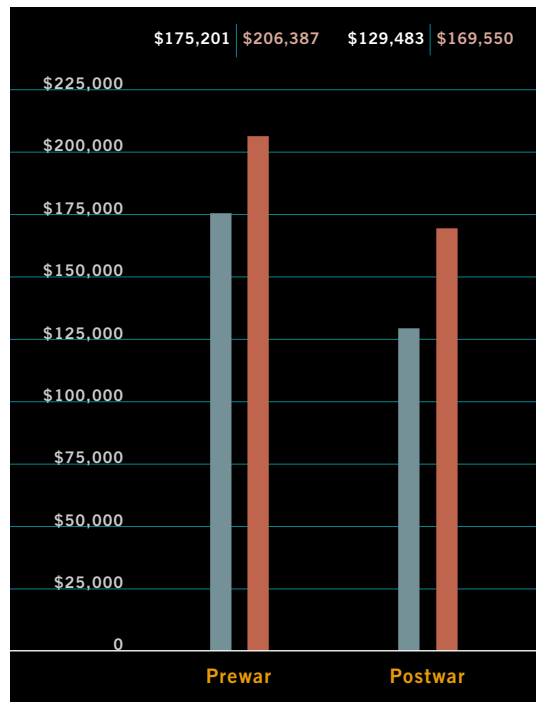
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

Three-bedroom apartments on the West Side were 50% more expensive than during 2003's fourth quarter, due in part to an increase in luxury condominium sales. As we noted in the East Side market, average prices can be inflated when more luxury sales occur. Also of note was the performance of postwar cooperatives in this market, whose average price per room is up 31% over last year's fourth quarter. The decline in prices for four-bedroom and larger units must be viewed in light of the small number of transfers in that category.

		4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	4th Q 03	3%	11%	36%	38%	12%
	4th Q 04	1%	10%	35%	46%	8%
Average Price	4th Q 03	\$4,007,259	\$1,945,839	\$ 964,671	\$458,660	\$262,130
	4th Q 04	\$3,681,667	\$2,928,080	\$1,126,668	\$549,846	\$337,870
	% Change	-8%	50%	17%	20%	29%

Cooperative

Average Price Per Room



4Q 03 4Q 04

Condominium

Average Price Per Square Foot



MIDTOWN

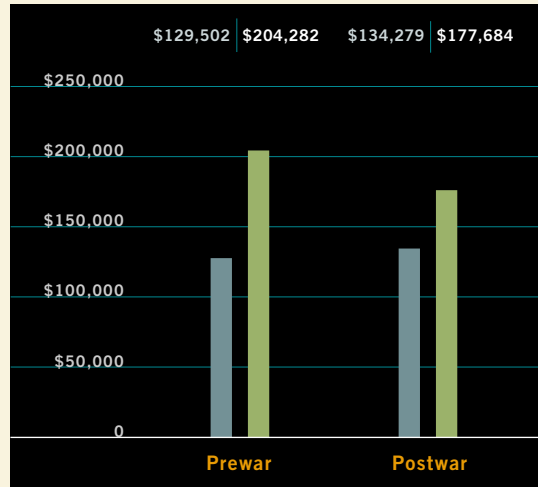
MIDTOWN EAST 34th to 58th Street, Fifth Avenue to the East River

Cooperative

Condominium

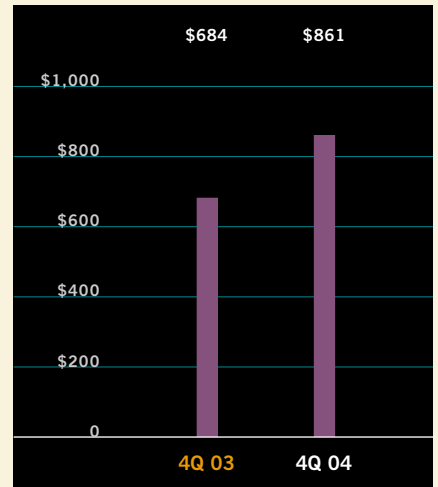
Cooperative prices flourished in the Midtown East market, with the average price per room up 58% for prewar units and 32% for postwar units from a year ago. The smaller size of this and the Midtown West market can produce sharp increases in average prices in a given quarter.

Average Price Per Room



4Q 03 4Q 04

Average Price Per Square Foot



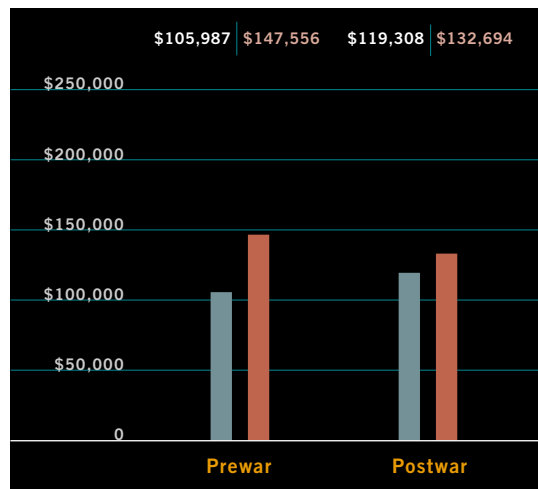
MIDTOWN WEST 34th to 58th Street, Hudson River to West of Fifth Avenue

Cooperative

Condominium

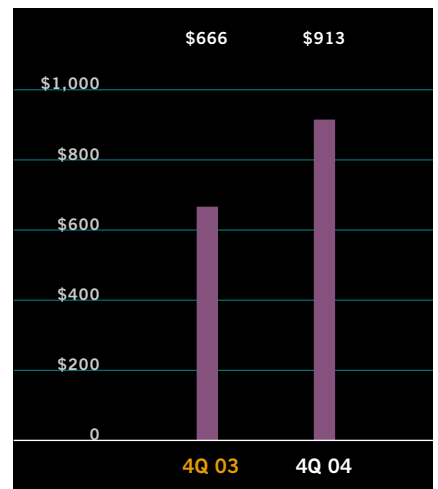
The Midtown West market was led by condominiums, which are up 37% in price per square foot from a year ago.

Average Price Per Room



4Q 03 4Q 04

Average Price Per Square Foot



DOWNTOWN

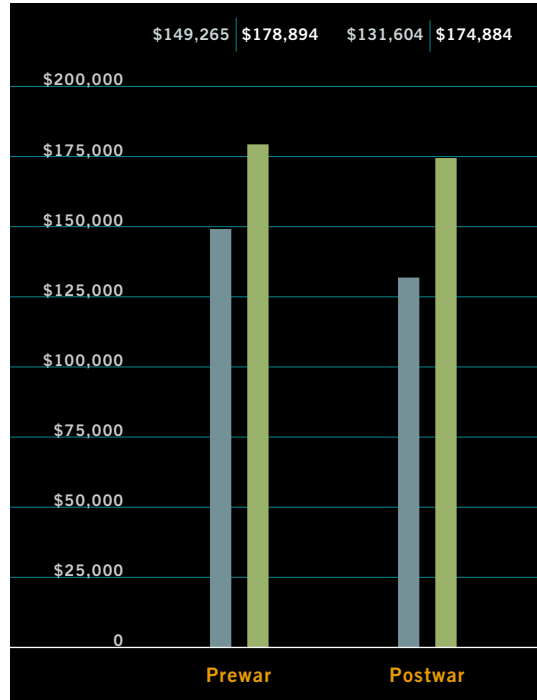
South of 34th Street

The Downtown market continues to be driven by two-bedroom units, which are up 31% in price over the past twelve months. The cooperative average price per room is up 20% for prewar and 33% for postwar units from 2003's fourth quarter.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	4th Q 03	6%	23%	47%	24%
	4th Q 04	8%	24%	49%	19%
Average Price	4th Q 03	\$1,742,392	\$ 829,370	\$442,093	\$275,936
	4th Q 04	\$1,980,000	\$1,087,143	\$526,579	\$330,397
	% Change	14%	31%	19%	20%

Cooperative

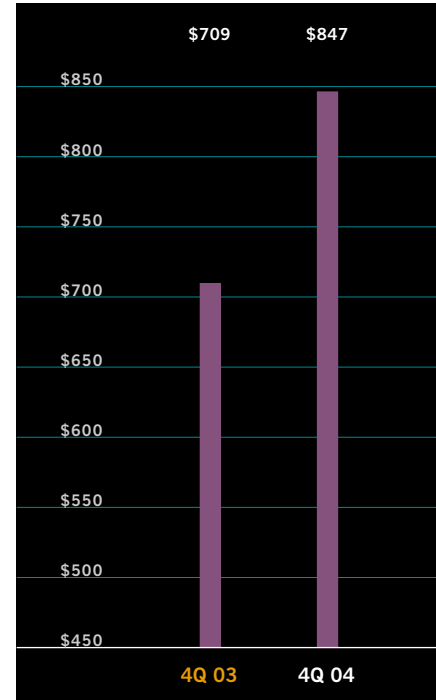
Average Price Per Room



4Q 03 4Q 04

Condominium

Average Price Per Square Foot



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BROWN HARRIS STEVENS

Everywhere you are.

East Side

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Peter Marra, Executive Vice President

West Side

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