

BROWN HARRIS STEVENS

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New York City Residential Market Report

Fourth Quarter 2005



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Price Growth Moderates

Manhattan's average apartment price of \$1,089,946 during the fourth quarter was 4% higher than a year ago, as growth continues to return to more historic levels. The median price also rose 4% over the past year, reaching \$699,000. The most prevalent trend over the past few months has been the increasing demand for smaller apartments, which continue to make up a higher percentage of transactions. Sales of studio and one-bedroom units this quarter accounted for 61% of all sales, up from 55% in 2004's fourth quarter. As more sales of these smaller units occur, the overall average price will grow at a slower pace. On a per square foot basis, the average sale price was up 20% over the past year.

The trend towards smaller apartments was most visible in the cooperative market, where the overall average price fell 10% from a year ago to \$921,791. However, the average co-op price per room rose 4% during this time to \$217,248. Studio and one-bedroom apartments comprised 64% of co-op sales in the fourth quarter, up 10% from a year ago. The increased demand for smaller units led to a 15% increase in the average price for studios, and a 16% increase for one-bedroom co-ops. The median co-op price, a more stable indicator of this market, was down just 1% from a year ago.

Condominium prices continued to rise sharply, aided in part by new developments mostly consisting of high-end apartments. The average price for a condo reached \$1,333,348 in the fourth quarter, 18% higher than a year ago. The largest gain was seen in two-bedroom units, as their average price of \$1,732,571 was 36% higher than a year ago and a new record. The condo market's overall strength is also reflected in the median price which, at \$899,000, was up 18% from the fourth quarter of 2004.

While the overall rate of price growth has moderated in the residential market, some sectors continue to appreciate sharply. As demand for smaller units has increased, their prices have escalated greatly. Many buyers of larger apartments have looked to new developments, where sales will not close for a year or two. These two factors will moderate growth of the overall average price in the short run. The City's economy remains strong, as almost 40,000 jobs were created in 2005. This combined with still affordable interest rates will keep demand strong in the new 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 New York City residential market. This report is based on 1,844 reported Manhattan apartment sales.

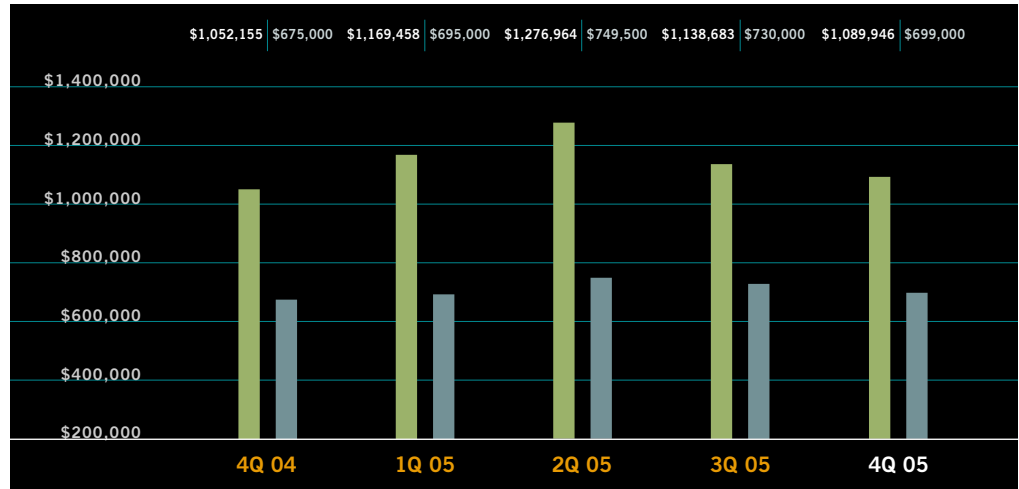
— Gregory J. Heym
Chief Economist, Brown Harris Stevens

Manhattan Cooperatives and Condominiums

At \$1,089,946, the average sale price for all apartments during the fourth quarter was 4% higher than a year ago.

Two-bedroom units increased most in price, their average price rising 27% during this time to \$1,475,322.

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 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
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

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
4th Q 05	\$1,363	\$1,214	\$1,110	\$892	\$846	\$979
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

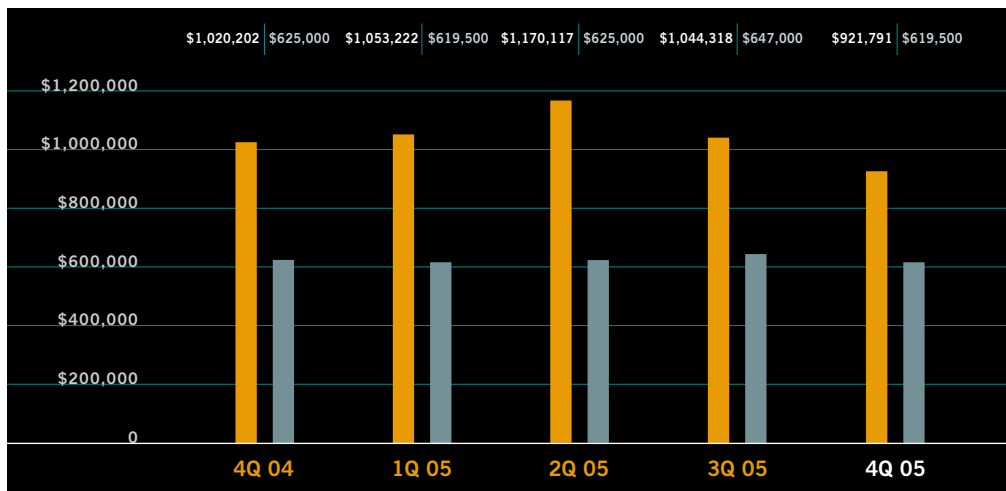
Average Price Per Room

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

Manhattan Cooperative Apartments

While the overall average price for co-ops fell over the past year, the figure was up 16% for one-bedroom and 15% for studio units.

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 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
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

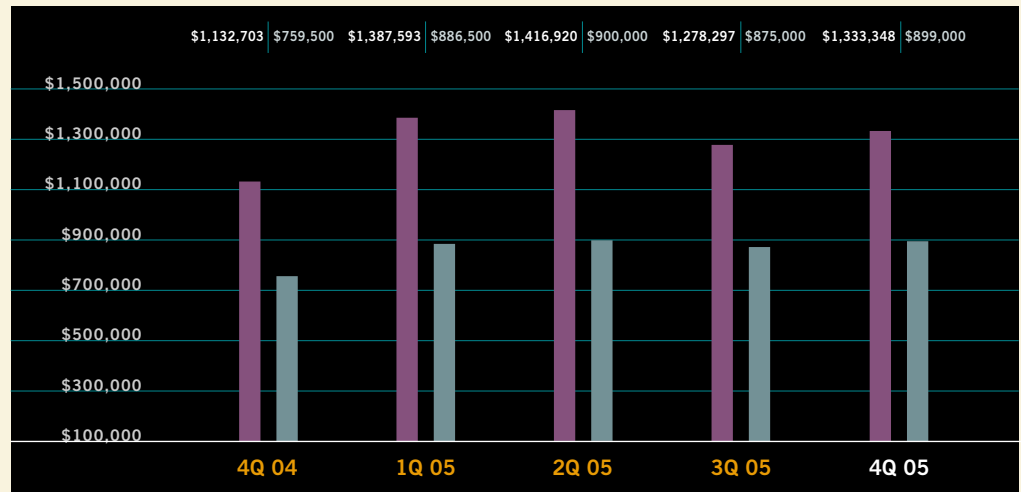
Average Price Per Room

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

Manhattan Condominium Apartments

Led by a 36% gain in two-bedrooms, the overall average price for condos of \$1,333,348 was 18% higher than 2004's fourth quarter.

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 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
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

Average Price Per Square Foot

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

EAST SIDE

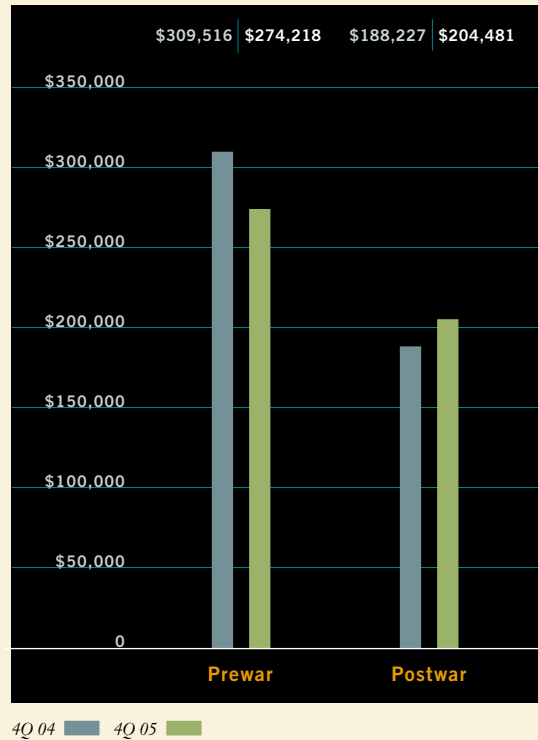
Generally 59th to 96th Street, Fifth Avenue to the East River

Pricing gains in the East Side market during the fourth quarter were led by smaller units. The average studio price rose 20% during this time, while one- and two-bedroom apartments each rose 19%.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	4th Q 04	6%	15%	35%	35%	9%
	4th Q 05	2%	11%	33%	41%	13%
Average Price	4th Q 04	\$5,558,619	\$2,722,246	\$1,233,602	\$531,176	\$283,500
	4th Q 05	\$4,063,750	\$2,896,792	\$1,473,681	\$633,165	\$340,674
	% Change	-27%	6%	19%	19%	20%

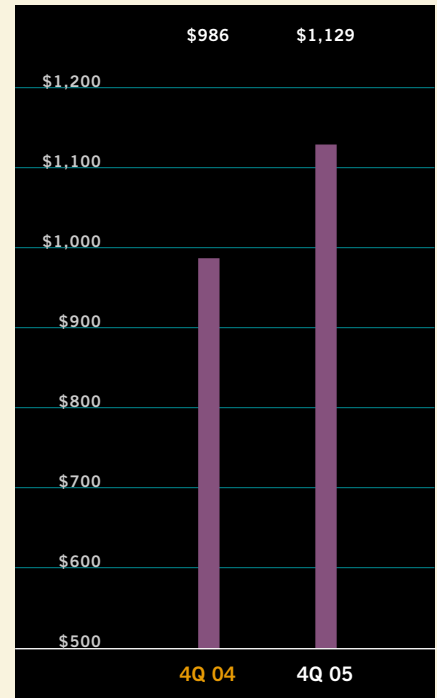
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



WEST SIDE

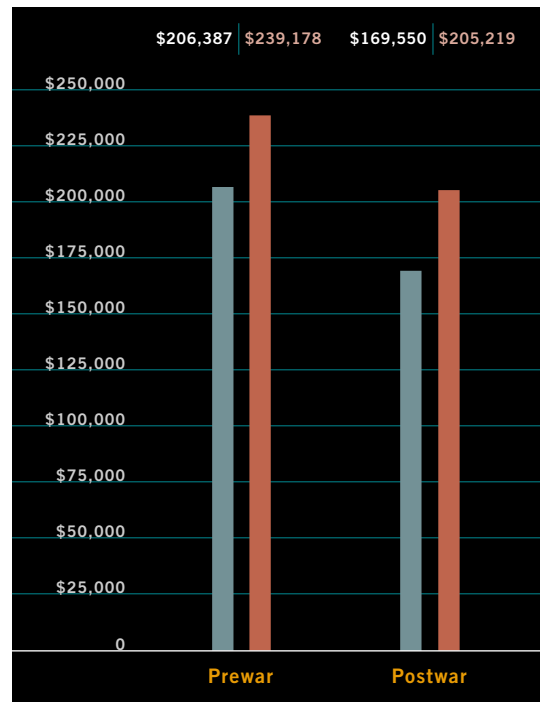
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

The average price for a two-bedroom apartment on the West Side rose 34% over the past year to \$1,508,591. One-bedrooms also rose sharply, as their average price climbed 26% during this time.

		4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	4th Q 04	1%	10%	35%	46%	8%
	4th Q 05	3%	10%	32%	38%	17%
Average Price	4th Q 04	\$3,681,667	\$2,928,080	\$1,126,668	\$549,846	\$337,870
	4th Q 05	\$3,891,500	\$2,511,467	\$1,508,591	\$692,847	\$392,260
	% Change	6%	-14%	34%	26%	16%

Cooperative

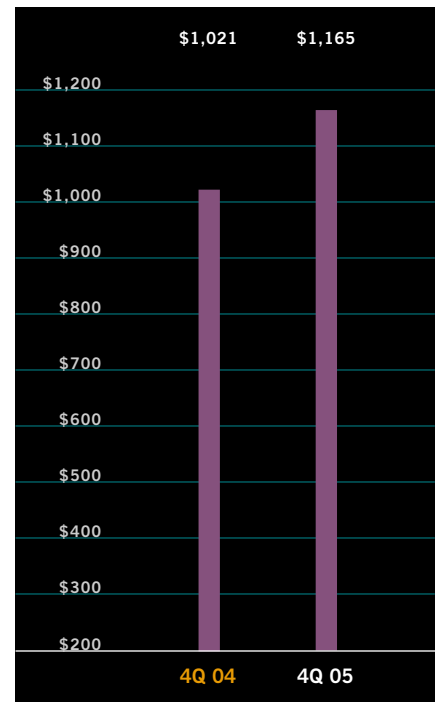
Average Price Per Room



4Q 04 4Q 05

Condominium

Average Price Per Square Foot



MIDTOWN

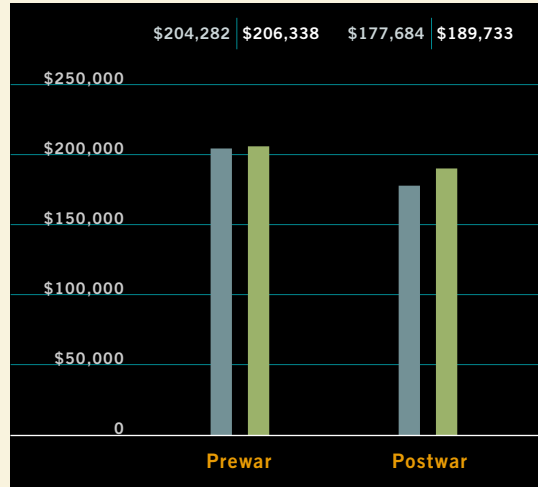
MIDTOWN EAST 34th to 58th Street, Fifth Avenue to the East River

Cooperative

Condominium

Activity at 60 East 55th Street helped the average price per square foot rise 33% in the Midtown East condo market over the past year.

Average Price Per Room



4Q 04 4Q 05

Average Price Per Square Foot



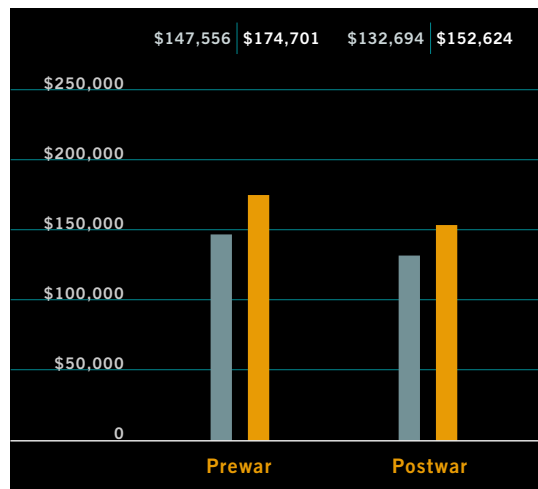
MIDTOWN WEST 34th to 58th Street, Hudson River to West of Fifth Avenue

Cooperative

Condominium

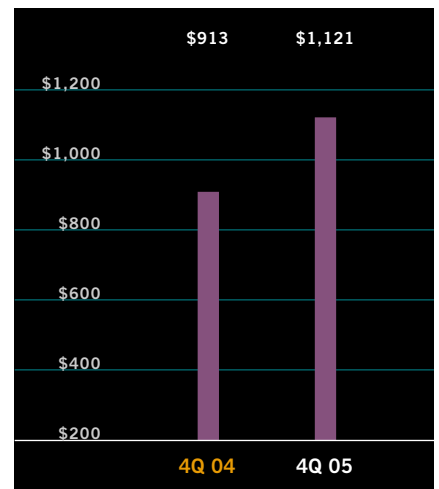
The average condo price in the Midtown West market rose 23% over the past year to \$1,121.

Average Price Per Room



4Q 04 4Q 05

Average Price Per Square Foot



DOWNTOWN

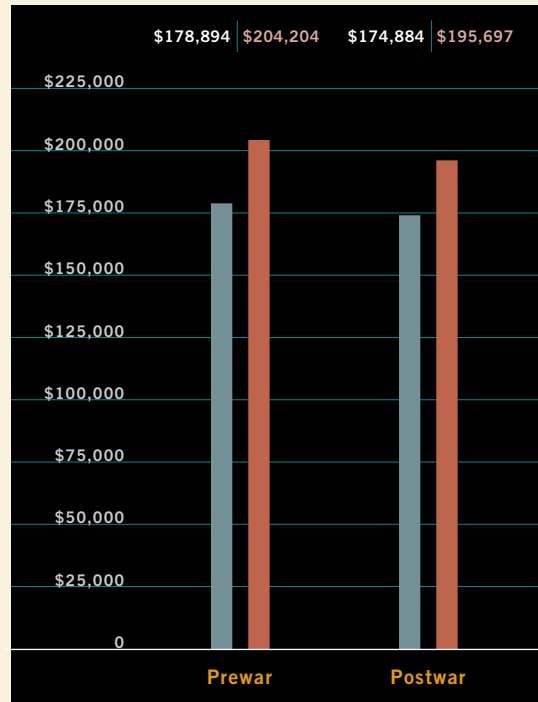
South of 34th Street

Pricing gains Downtown were led by three-bedroom and larger units, whose average price was 36% higher than in the fourth quarter of 2004.

		3+ BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	4th Q 04	8%	24%	49%	19%
	4th Q 05	8%	20%	48%	25%
Average Price	4th Q 04	\$1,980,000	\$1,087,143	\$526,579	\$330,397
	4th Q 05	\$2,690,294	\$1,306,111	\$636,428	\$405,845
	% Change	36%	20%	21%	23%

Cooperative

Average Price Per Room



4Q 04 4Q 05

Condominium

Average Price Per Square Foot

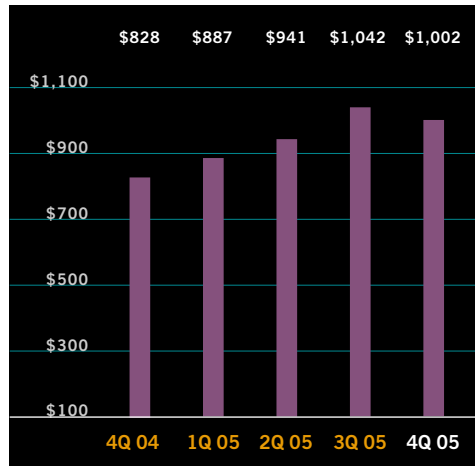


Manhattan Lofts

At \$1,002 per square foot, the average loft price was 21% higher than a year ago.

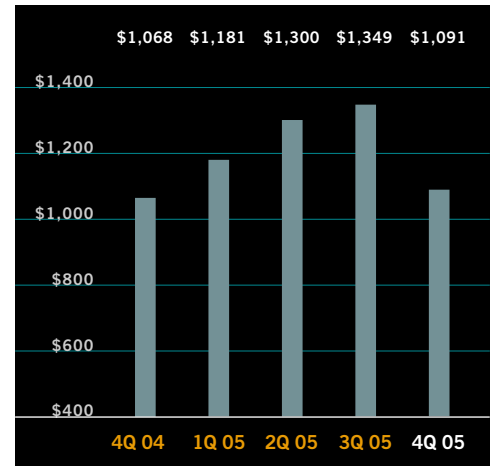
The average townhouse price of \$1,091 per square foot was up 2% from the fourth quarter of 2004.

Average Price Per Square Foot



Manhattan Townhouses

Average Price Per Square Foot



Brooklyn Heights and Park Slope

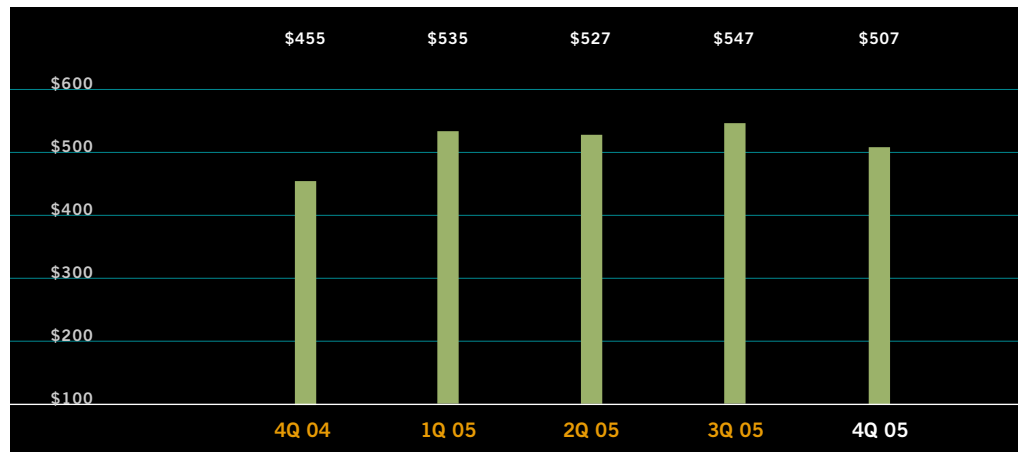
Cooperatives and Condominiums

Apartments in Brooklyn Heights and Park Slope sold for an average price of \$599,912 in the fourth quarter; 14% higher than a year ago. At \$507, the average price per square foot for townhouses in Brooklyn Heights and Park Slope was 11% more than during the fourth quarter of 2004.

	2-BEDROOM	1-BEDROOM	STUDIO	ALL
Average Price				
4th Q 04	\$652,263	\$421,395	\$242,611	\$525,487
4th Q 05	\$734,330	\$452,543	\$257,308	\$599,912
% Change	13%	7%	6%	14%

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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