

BROWN HARRIS STEVENS

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New York City Residential Market Report

Fourth Quarter 2006



Manhattan Median Apartment Price Sets New Record

The median price for Manhattan apartments, the point at which half the sales prices are higher and half are lower, reached a record high in the fourth quarter. At \$760,000 this figure was 4% higher than the prior quarter and 9% higher than fourth quarter of 2005. The median price is considered to be the most stable indicator of the market, since it is not as impacted by sales at the highest end of the market as the average price. After falling the prior two quarters, the average Manhattan apartment price rose to \$1,144,063 in the fourth quarter, and was 5% higher than a year ago. Also of note was the average price per square foot, which at \$1,050 reached a new high.

Sharp increases in prices for three-bedroom and larger apartments helped push up the average cooperative sale price 3% over the past year to \$953,120. At \$6,178,656 the average price for four-bedroom and larger co-ops was 59% higher than 2005's fourth quarter. This was due to both a pickup in sales of luxury co-ops and a particularly weak figure in 2005's fourth quarter. The median price for co-ops actually fell 3% from a year ago, providing evidence that the gain in the overall average price was due mainly to an increase in high-end activity.

The median price for condominium sales of \$950,000 in the fourth quarter set a new record and was 6% higher than a year ago. This increase is attributable in part to increased sales of new developments, which accounted for 56% of condo sales in the fourth quarter. Units in new developments sold for a median price of \$995,000 during the quarter, compared to \$850,000 for apartments in existing buildings.

Demand for housing continues to remain strong, as growth in the City's economy has strengthened. Unemployment recently reached a record low, and job growth in 2006 will be at its highest level since 2000. Rates on 30-year mortgages have fallen over half a percent since July, and according to the state comptroller, Wall Street bonuses will set another new record this year, reaching \$23.9 billion. All of these factors should keep demand strong in the months to come, and should keep prices stable even with the recent upturn in inventory.

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 2,364 reported Manhattan apartment sales.

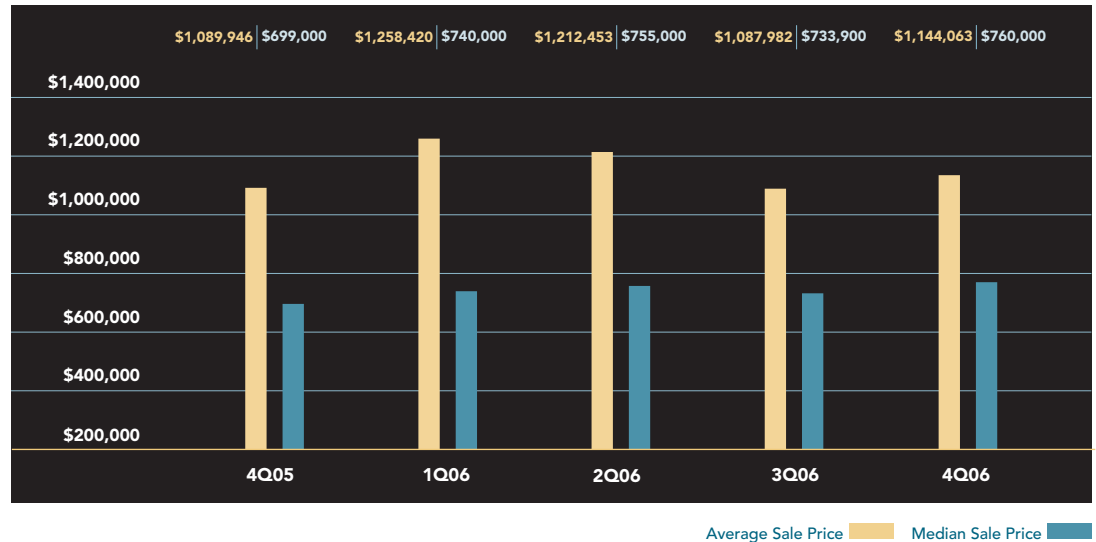
GREGORY J. HEYM

Chief Economist, Brown Harris Stevens

Manhattan Cooperatives and Condominiums

The median price for Manhattan apartments set a new record in the fourth quarter, reaching \$760,000. This figure was 9% higher than the fourth quarter of 2005.

Average and Median Sale Price



Average Sale Price

| | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio | All |
|----------|-------------|-------------|-------------|-----------|-----------|-------------|
| 4th Q 06 | \$6,260,402 | \$3,047,126 | \$1,434,236 | \$708,230 | \$410,383 | \$1,144,063 |
| 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 |

Average Price Per Square Foot

| | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio | All |
|----------|------------|-----------|-----------|-----------|--------|---------|
| 4th Q 06 | \$1,581 | \$1,426 | \$1,114 | \$958 | \$921 | \$1,050 |
| 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 |

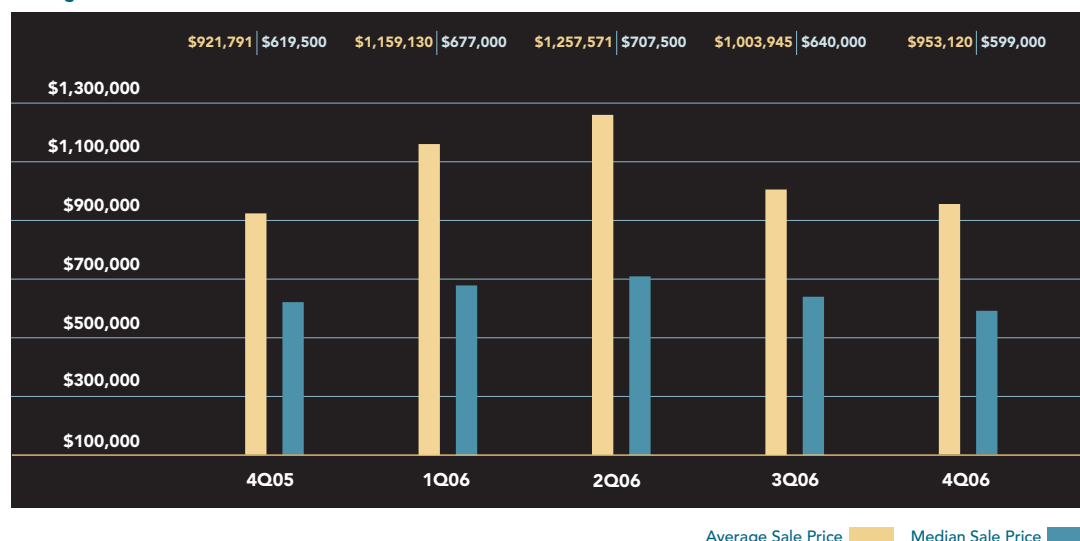
Average Price Per Room

| | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio | All |
|----------|------------|-----------|-----------|-----------|-----------|-----------|
| 4th Q 06 | \$659,867 | \$485,491 | \$320,429 | \$222,679 | \$192,439 | \$273,791 |
| 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 |

Manhattan Cooperative Apartments

Led by sharp increases in prices of larger apartments, the average cooperative sales price rose 3% over the past year to \$953,120.

Average and Median Sale Price



Average Sale Price

| | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio | All |
|----------|-------------|-------------|-------------|-----------|-----------|-------------|
| 4th Q 06 | \$6,178,656 | \$2,642,118 | \$1,236,601 | \$602,090 | \$362,748 | \$953,120 |
| 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 |

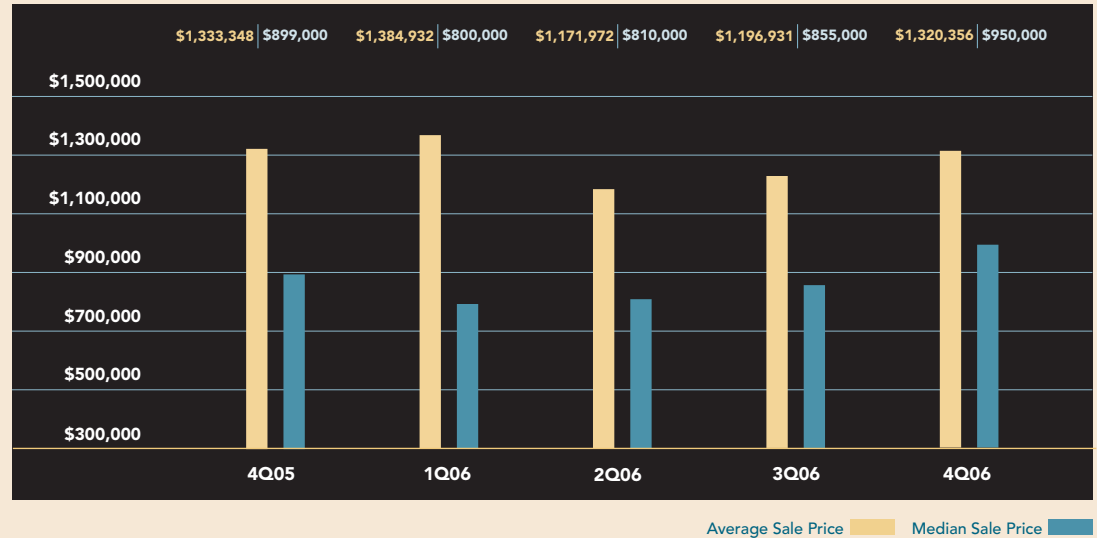
Average Price Per Room

| | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio | All |
|----------|------------|-----------|-----------|-----------|-----------|-----------|
| 4th Q 06 | \$566,987 | \$384,593 | \$258,976 | \$186,275 | \$166,569 | \$221,145 |
| 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 |

Manhattan Condominium Apartments

Increased activity in new developments helped the median condominium price reach a new record level of \$950,000 in the fourth quarter.

Average and Median Sale Price



Average Sale Price

| | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio | All |
|----------|-------------|-------------|-------------|-----------|-----------|-------------|
| 4th Q 06 | \$5,814,566 | \$3,204,207 | \$1,594,890 | \$837,887 | \$499,609 | \$1,320,356 |
| 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 |

Average Price Per Square Foot

| | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio | All |
|----------|------------|-----------|-----------|-----------|---------|---------|
| 4th Q 06 | \$1,657 | \$1,487 | \$1,186 | \$1,059 | \$1,017 | \$1,141 |
| 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 |

EAST SIDE

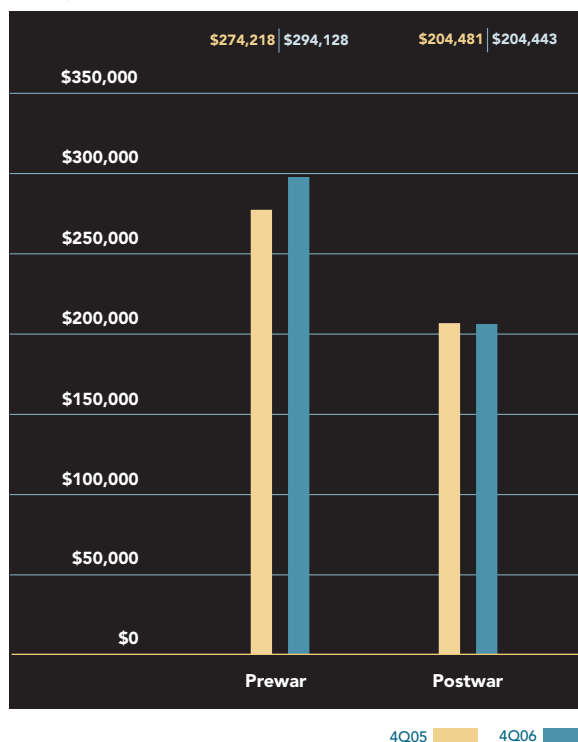
Generally 59th to 96th Street, Fifth Avenue to the East River

Pricing gains in the East Side market were led by a 22% rise in the average price for three-bedroom and larger apartments. Also of note was a 7% increase in the average price per room for prewar co-ops in this market.

| | | 3+Bedroom | 2-Bedroom | 1-Bedroom | Studio |
|------------------|----------|-------------|-------------|-----------|-----------|
| Percent of Sales | 4th Q 05 | 13% | 33% | 41% | 13% |
| | 4th Q 06 | 13% | 30% | 39% | 18% |
| Average Price | 4th Q 05 | \$3,112,231 | \$1,473,681 | \$633,165 | \$340,674 |
| | 4th Q 06 | \$3,795,691 | \$1,461,579 | \$667,623 | \$371,749 |
| | % Change | 22% | -1% | 5% | 9% |

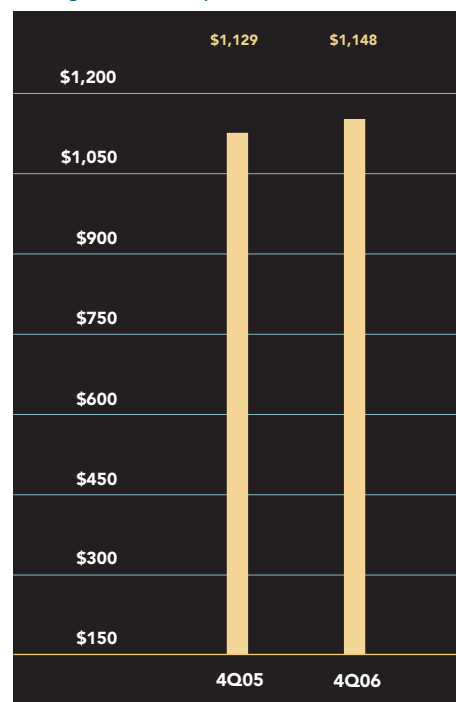
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



WEST SIDE

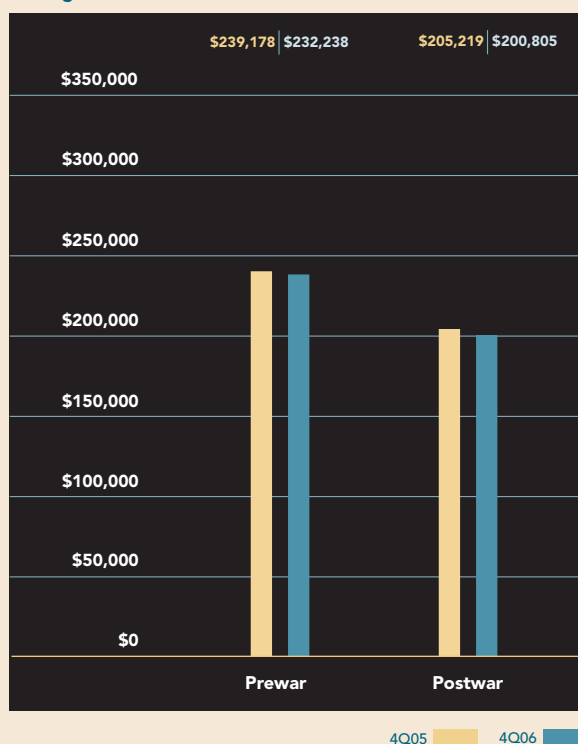
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

Larger apartments rose sharply in price on the West Side over the past year, as the average price rose 48% for four-bedroom and larger units and 12% for three-bedrooms.

| | | 4+ Bedroom | 3-Bedroom | 2-Bedroom | 1-Bedroom | Studio |
|------------------|----------|-------------|-------------|-------------|-----------|-----------|
| Percent of Sales | 4th Q 05 | 3% | 10% | 32% | 38% | 17% |
| | 4th Q 06 | 3% | 10% | 33% | 37% | 17% |
| Average Price | 4th Q 05 | \$3,891,500 | \$2,511,467 | \$1,508,591 | \$692,847 | \$392,260 |
| | 4th Q 06 | \$5,762,953 | \$2,806,844 | \$1,321,218 | \$650,849 | \$387,824 |
| | % Change | 48% | 12% | -12% | -6% | -1% |

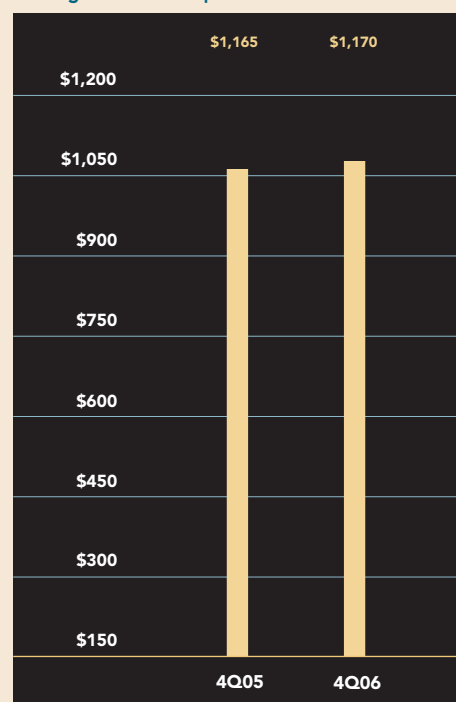
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

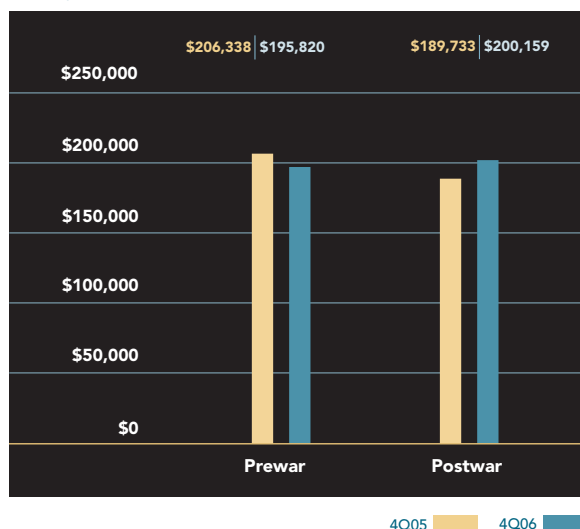


MIDTOWN

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

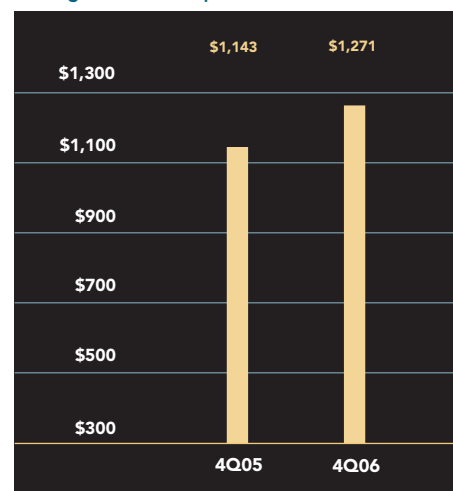
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

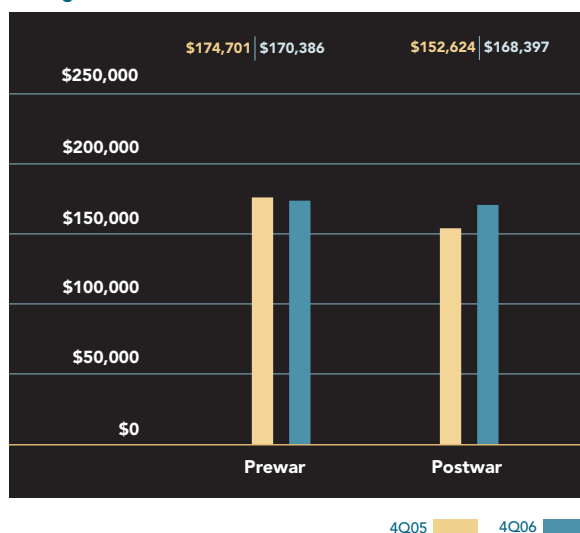


The average price per square foot rose 11% for condominiums in the Midtown East market from a year ago, to \$1,271.

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

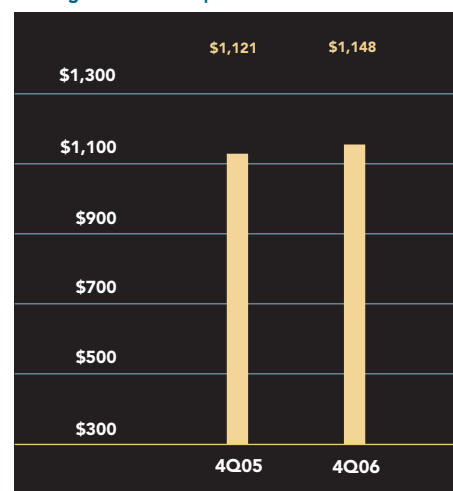
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



In the Midtown West area, the average price per room for postwar co-ops of \$168,397 was 10% higher than during 2005's fourth quarter.

DOWNTOWN

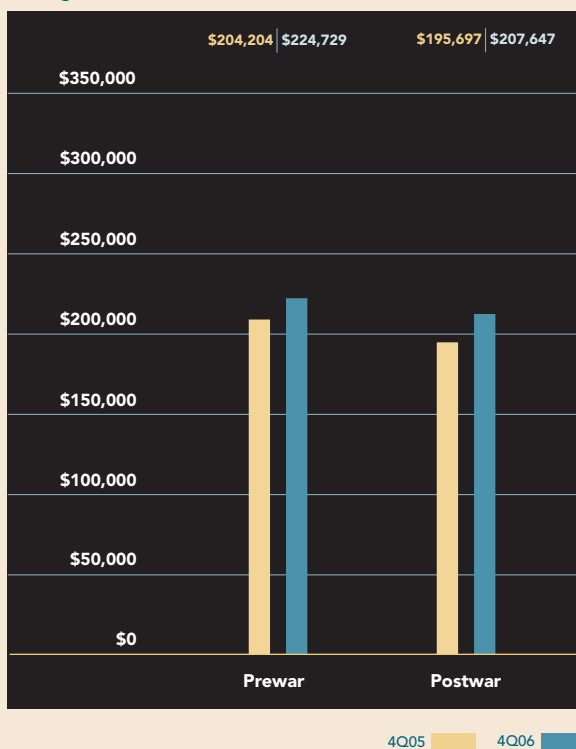
South of 34th Street

Closings at 50 Gramercy Park North helped bring up the average price 37% for three-bedroom and larger apartments Downtown from the fourth quarter of 2005.

| | | 3+Bedroom | 2-Bedroom | 1-Bedroom | Studio |
|------------------|----------|-------------|-------------|-----------|-----------|
| Percent of Sales | 4th Q 05 | 8% | 20% | 48% | 24% |
| | 4th Q 06 | 7% | 26% | 44% | 23% |
| Average Price | 4th Q 05 | \$2,690,294 | \$1,306,111 | \$636,428 | \$405,845 |
| | 4th Q 06 | \$3,687,909 | \$1,299,425 | \$730,229 | \$444,559 |
| | % Change | 37% | -1% | 15% | 10% |

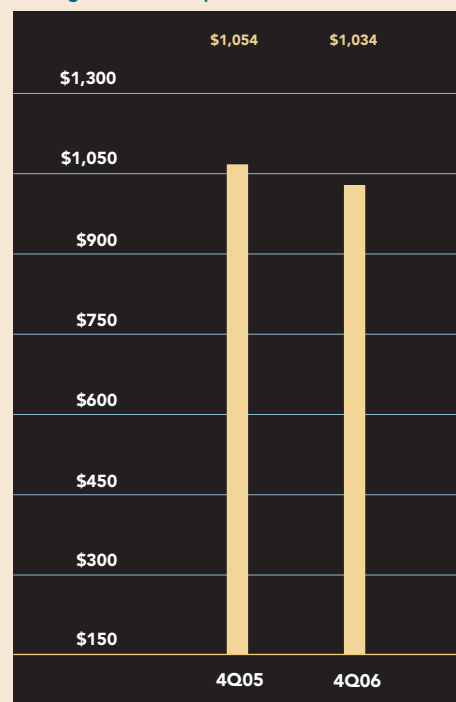
Cooperative

Average Price Per Room



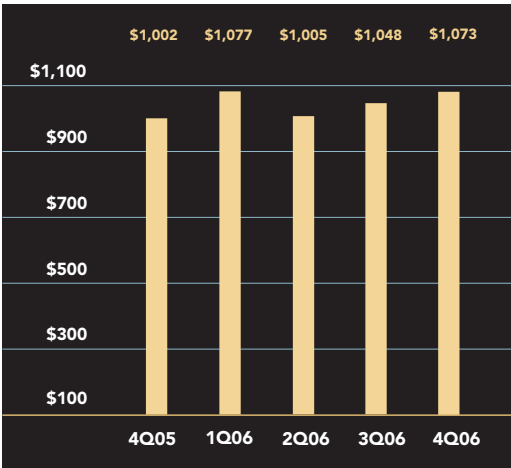
Condominium

Average Price Per Square Foot



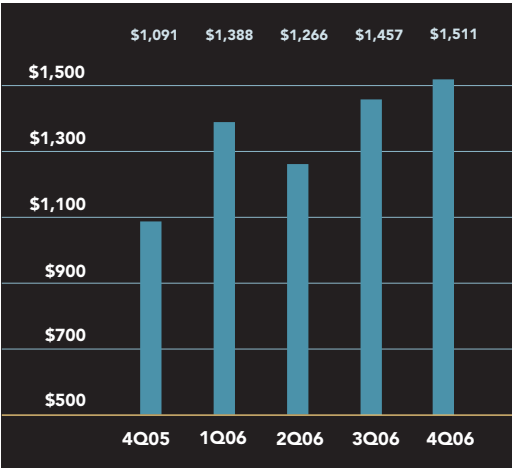
Manhattan Lofts

Average Price Per Square Foot



Manhattan Townhouses

Average Price Per Square Foot



Loft prices averaged \$1,073 per square foot in the fourth quarter, 7% higher than a year ago.

At \$1,511 per square foot, the average townhouse price was 38% higher than during the fourth quarter of 2005.

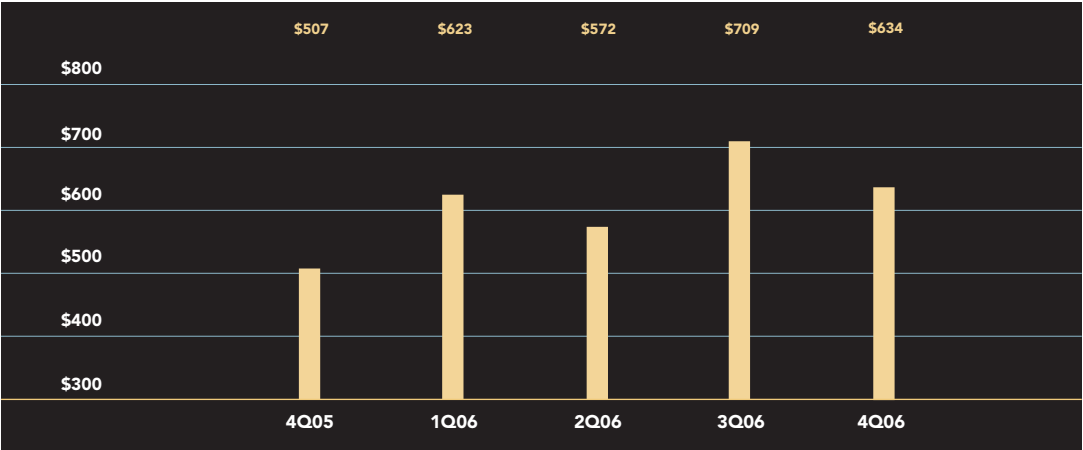
Brooklyn Heights and Park Slope

Cooperatives and Condominiums

| | | 2-Bedroom | 1-Bedroom | Studio | All |
|---------------|----------|-----------|-----------|-----------|-----------|
| Average Price | 4th Q 05 | \$734,330 | \$452,543 | \$257,308 | \$599,912 |
| | 4th Q 06 | \$722,142 | \$451,689 | \$276,000 | \$619,331 |
| | % Change | -2% | 0% | 7% | 3% |

Townhouses

Average Price Per Square Foot



The average apartment price rose 3% over the past year in Brooklyn Heights and Park Slope. Studio apartments posted the biggest gain, as their average price of \$276,000 was 7% higher than 2005's fourth quarter. Townhouses in this market saw their average price per square foot rise 25% over the past year, to \$634.



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.



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