

BROWN HARRIS STEVENS

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Manhattan Residential Market Report

Fourth Quarter 2008



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Closings Yet to Show Full Impact of Recession

Closing prices for Manhattan apartments averaged \$1,449,621 during the fourth quarter, up slightly from a year ago but down 2% from the third quarter. While closings at 15 Central Park West and The Plaza had inflated prices over the past few quarters, this was not the case during the fourth quarter. Removing these two buildings brings the average price down just \$24,230 to \$1,425,391, which would be up 2% from the comparable third quarter figure and the second highest figure on record. The lack of activity in these buildings this quarter brought many prices lower over the past year, especially for two- and three-bedroom apartments.

New developments continued to account for a higher percentage of closings during the fourth quarter. Comprising 42% of all sales, and 72% of condominium sales, they sold for an average price of \$1,717,115, 3% higher than the prior quarter. As we have pointed out in previous reports, these deals are typically negotiated far in advance of when they close. On average, new developments that closed during the fourth quarter had their contract signed on November 16, 2007.

At \$1,103,952, the average price of a cooperative apartment was 3% higher than during the fourth quarter of 2007. This increase is solely due to a 25% rise in the average price for four-bedroom and larger co-ops during this time. The average price for all other size categories of co-ops fell over the past year, as did the median co-op price, which measures the middle of the market and is not as impacted by high-end sales.

Now that the initial closings are essentially complete at 15 Central Park West and The Plaza, average condo prices are being driven lower. The decline in the number of closings at these buildings was the only reason the average condo price fell 7% over the past year to \$1,713,124. If they are excluded, the average condo price would actually be up 21% from the fourth quarter of 2007 and would set a new record.

Although the troubles in the financial markets have intensified since the collapse of Lehman Brothers in September, this was not reflected in closing prices during the fourth quarter. While the number of reported closings fell 9% compared to the same period in 2007, both the average and median prices were higher than a year ago, and even higher than the prior quarter if 15 Central Park West and The Plaza are excluded. Sales in new developments and co-ops, the majority of Manhattan apartment sales, take several months to go from a signed contract to a closing, and, therefore, most of the sales in this report were negotiated prior to Lehman's collapse.

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 2,301 recorded Manhattan apartment sales.

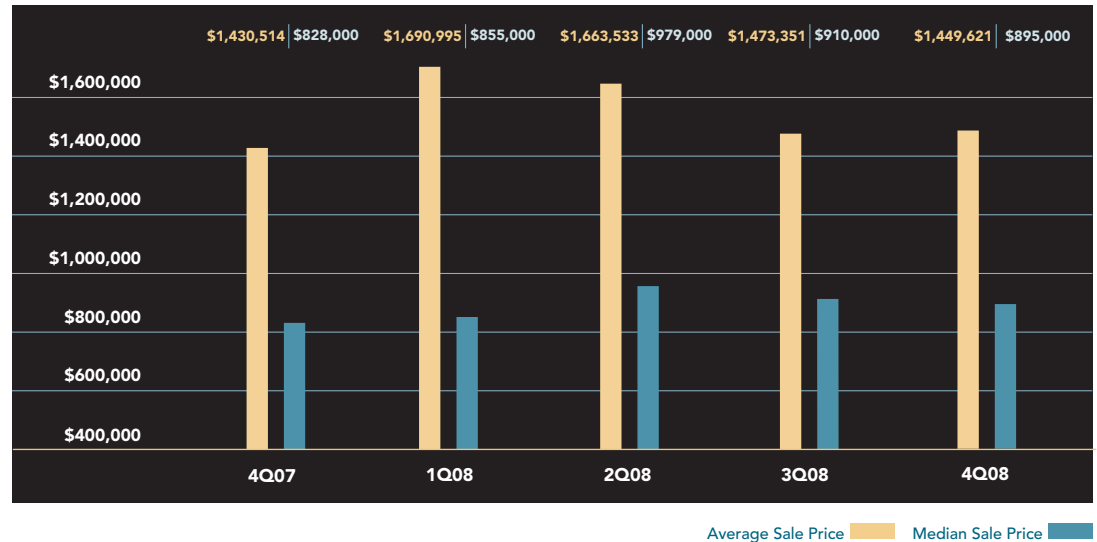
GREGORY J. HEYM

Chief Economist, Brown Harris Stevens

Manhattan Cooperatives and Condominiums

The average apartment price of \$1,449,621 was down from the third quarter, but up slightly from a year ago. If 15 Central Park West and The Plaza are removed from this statistic, the average price is 18% higher than a year ago, and 2% higher than the third quarter.

Average and Median Sale Price



Average Sale Price

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
4th Q 08	\$7,387,901	\$2,857,399	\$1,593,420	\$798,973	\$481,024	\$1,449,621
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

Average Price Per Square Foot

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
4th Q 08	\$1,734	\$1,391	\$1,209	\$1,061	\$1,002	\$1,162
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

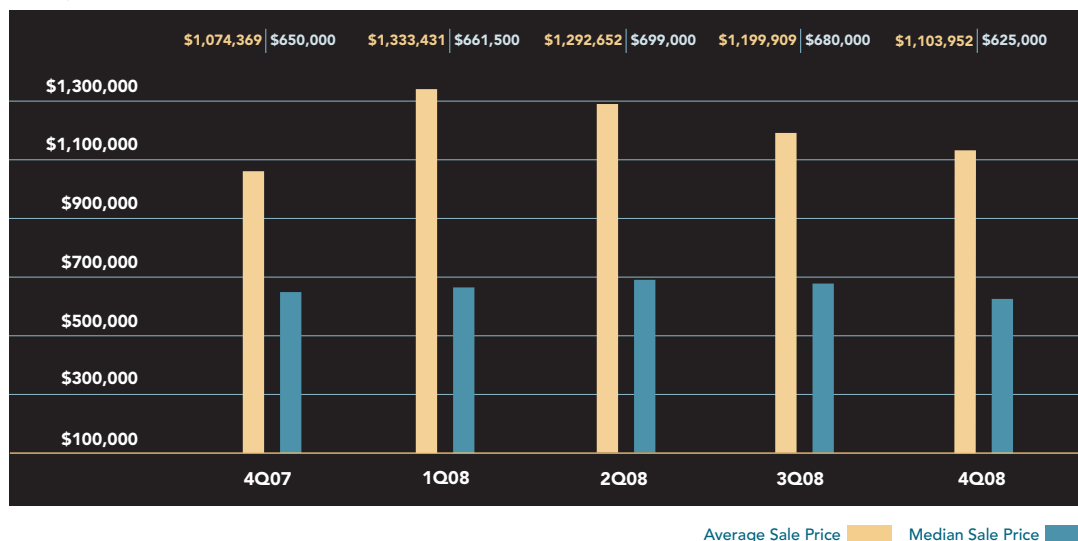
Average Price Per Room

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
4th Q 08	\$789,337	\$458,054	\$348,614	\$254,485	\$223,292	\$323,307
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

Manhattan Cooperative Apartments

A 25% gain in the average price of four-bedroom and larger units helped bring the average co-op price 3% higher than during 2007's fourth quarter.

Average and Median Sale Price



Average Sale Price

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
4th Q 08	\$10,643,737	\$2,549,093	\$1,246,358	\$616,136	\$391,316	\$1,103,952
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

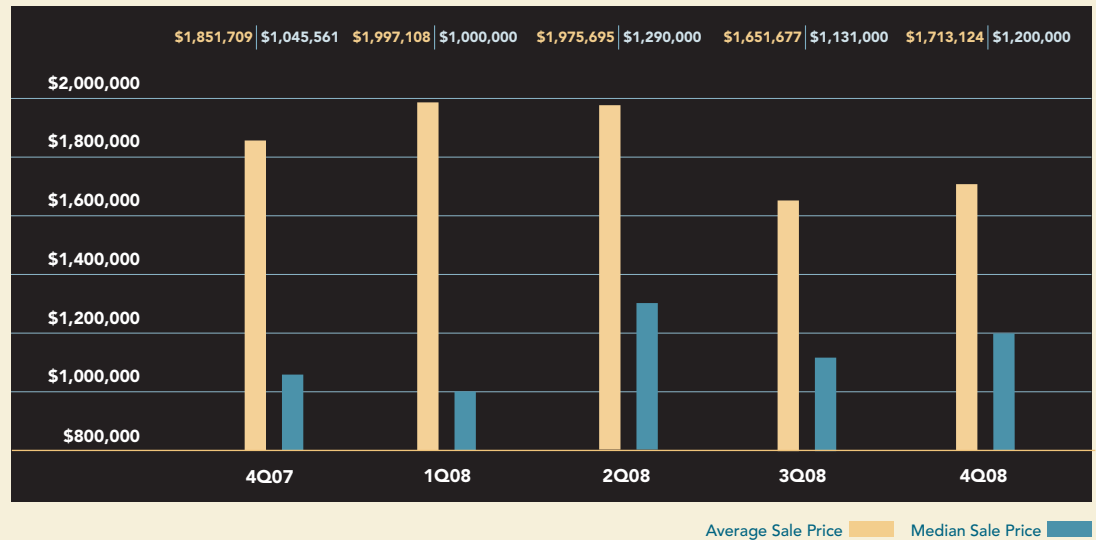
Average Price Per Room

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
4th Q 08	\$968,610	\$373,186	\$259,042	\$190,270	\$180,068	\$240,192
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

Manhattan Condominium Apartments

The decline in closings at 15 Central Park West and The Plaza during the fourth quarter brought the average condo price down 7% over the past year to \$1,713,124. If these buildings are removed, however, the average price would have risen 21% during this time to a new high of \$1,672,423.

Average and Median Sale Price



Average Sale Price

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
4th Q 08	\$5,759,983	\$2,965,349	\$1,819,192	\$947,405	\$620,998	\$1,713,124
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

Average Price Per Square Foot

	4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio	All
4th Q 08	\$1,715	\$1,455	\$1,305	\$1,156	\$1,134	\$1,266
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

EAST SIDE

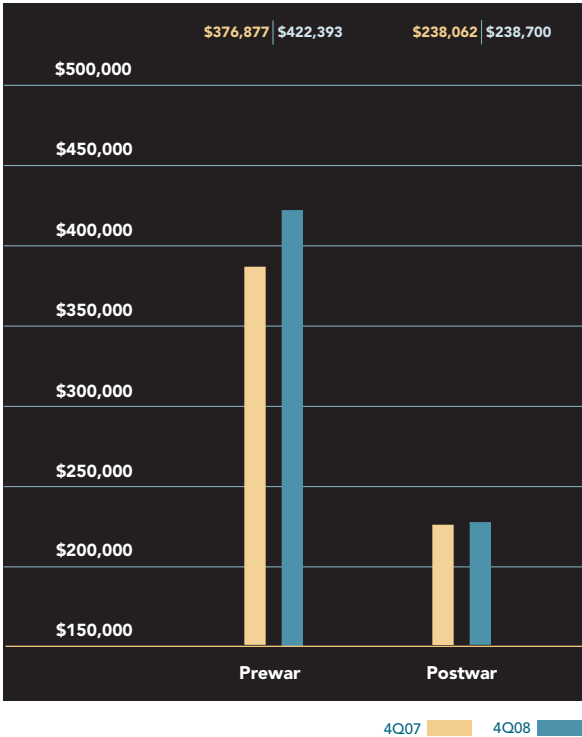
Generally 59th to 96th Street, Fifth Avenue to the East River

Pricing gains on the East Side were led by one- and three-bedroom units, whose average price rose 11% and 9% respectively over the past year.

		4+Bedroom	3-Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	4th Q 07	5%	10%	30%	36%	19%
	4th Q 08	6%	16%	33%	34%	11%
Average Price	4th Q 07	\$9,322,746	\$3,205,239	\$1,720,636	\$717,660	\$413,787
	4th Q 08	\$9,533,939	\$3,492,747	\$1,781,663	\$796,068	\$401,203
	% Change	2%	9%	4%	11%	-3%

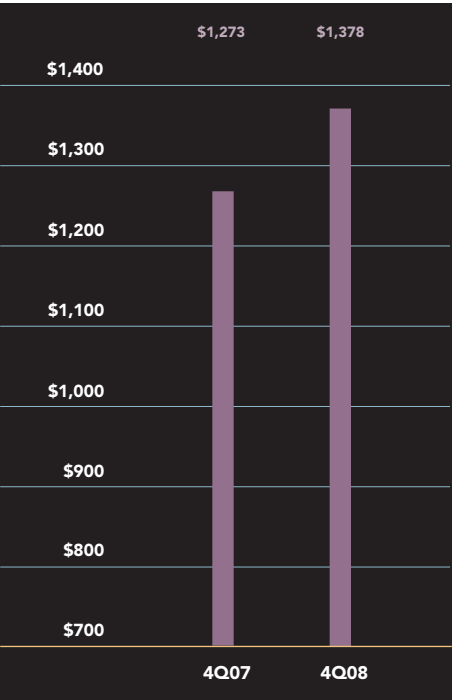
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



WEST SIDE

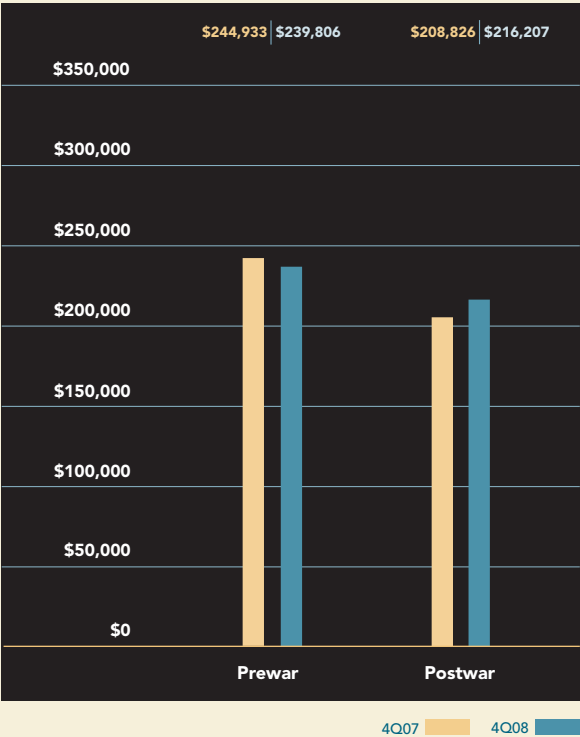
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

With significantly fewer closings occurring at 15 Central Park West, West Side prices fell compared to the fourth quarter of 2007, especially for larger apartments.

		3+Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	4th Q 07	18%	34%	34%	14%
	4th Q 08	14%	30%	42%	14%
Average Price	4th Q 07	\$4,952,327	\$1,761,942	\$771,928	\$433,175
	4th Q 08	\$3,817,442	\$1,759,084	\$714,386	\$420,020
	% Change	-23%	0%	-7%	-3%

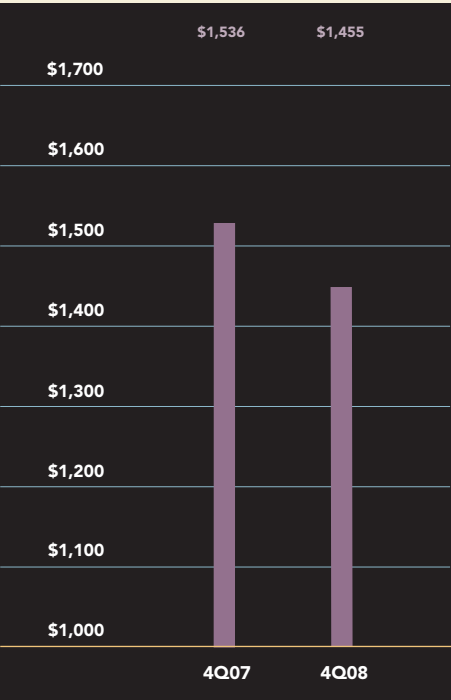
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

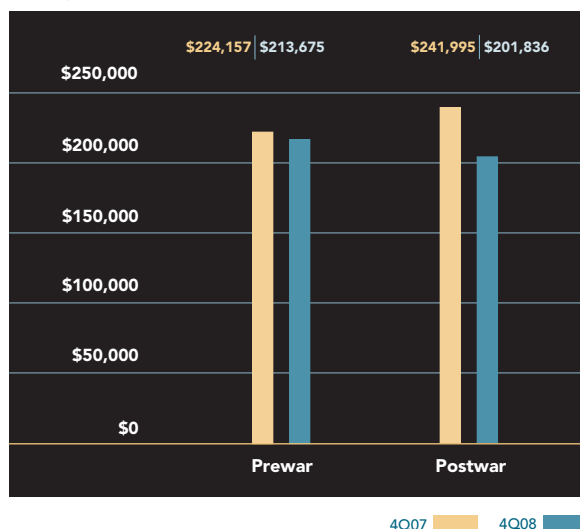


MIDTOWN

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

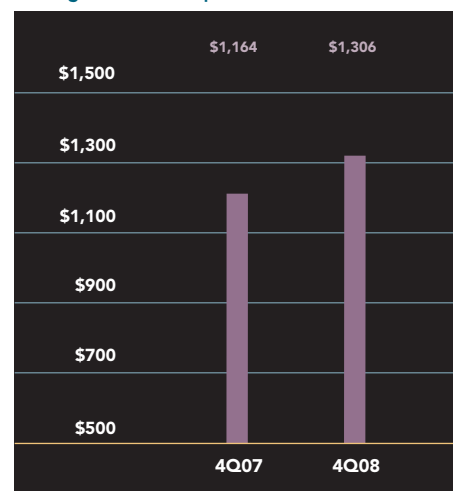
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

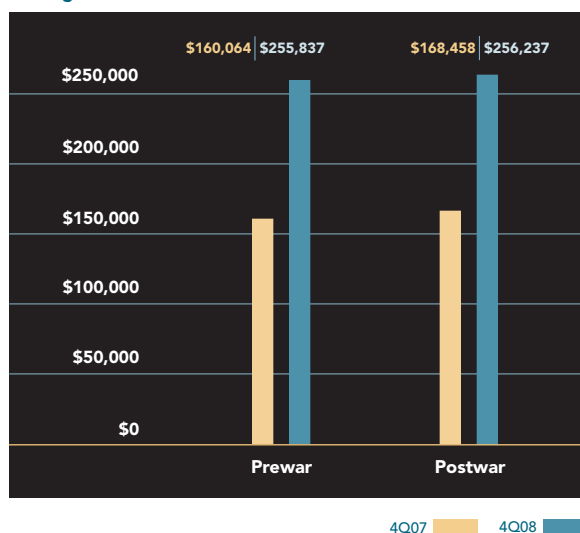


While prices fell for co-op apartments in the Midtown East market over the past year, the average condo price per square foot rose 12% to \$1,306.

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

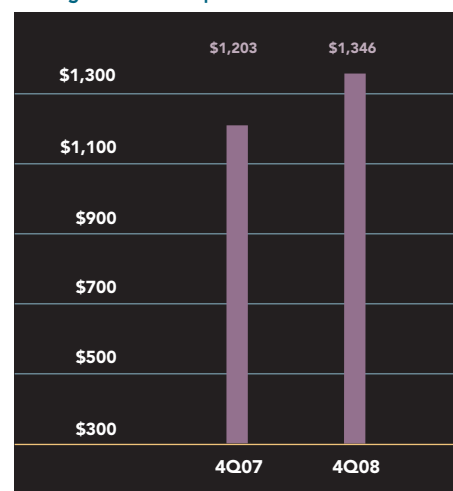
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



Due mainly to abnormally low figures a year ago, Midtown West co-op prices rose significantly over the past year.

DOWNTOWN

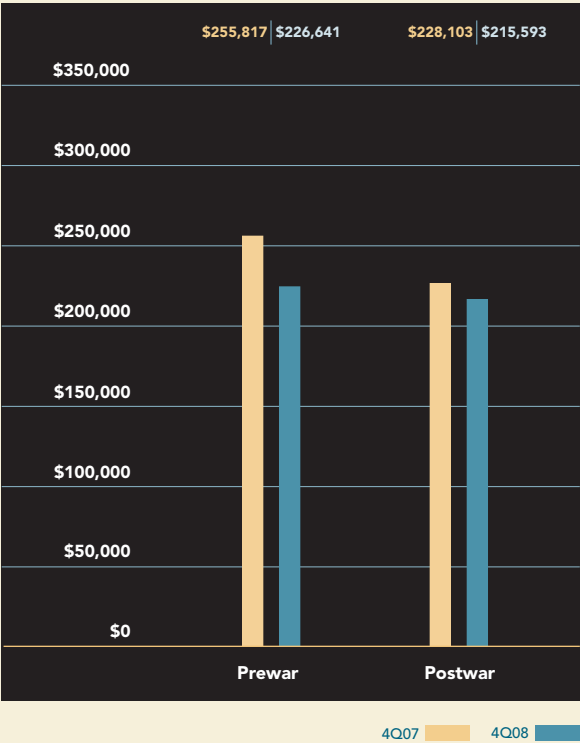
South of 34th Street

In the Downtown market, where 65% of closings were in new developments, the average price was higher for all sizes of apartments when compared to the fourth quarter of 2007.

		3+ Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	4th Q 07	8%	25%	44%	23%
	4th Q 08	13%	30%	40%	17%
Average Price	4th Q 07	\$3,052,773	\$1,664,691	\$836,257	\$476,721
	4th Q 08	\$3,349,647	\$1,722,350	\$866,388	\$560,237
	% Change	10%	3%	4%	18%

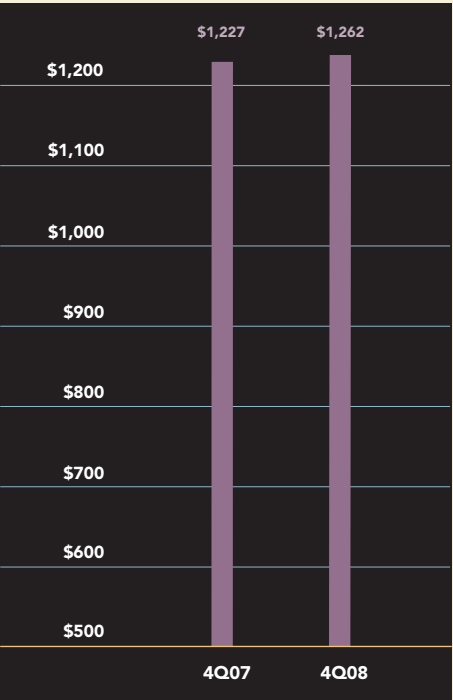
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



NORTHERN MANHATTAN

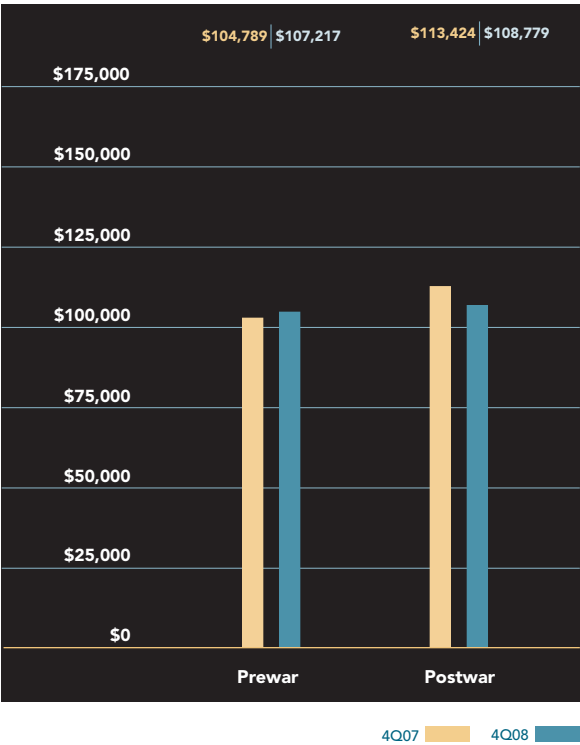
Generally north of 96th Street on the East Side, and 110th Street on the West Side

Although the average price fell sharply for three-bedroom and larger apartments located in Northern Manhattan, this was due primarily to closings at 111 Central Park North during 2007's fourth quarter which inflated that figure.

		3+Bedroom	2-Bedroom	1-Bedroom	Studio
Percent of Sales	4th Q 07	17%	44%	31%	8%
	4th Q 08	17%	41%	35%	7%
Average Price	4th Q 07	\$1,617,440	\$556,048	\$378,248	\$243,641
	4th Q 08	\$791,514	\$536,988	\$434,756	\$292,627
	% Change	-51%	-3%	15%	20%

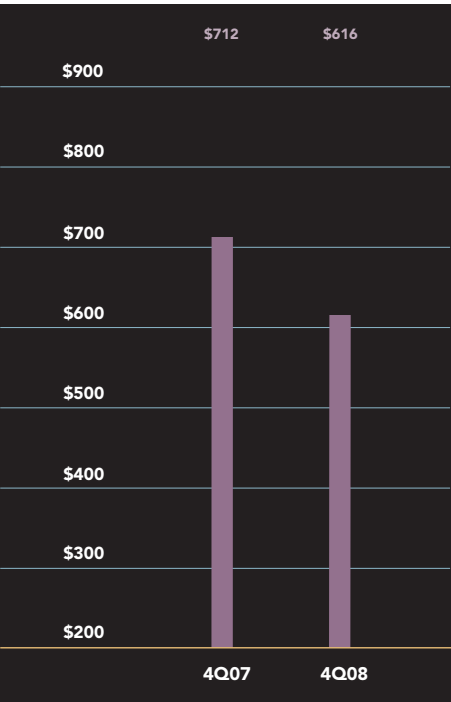
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

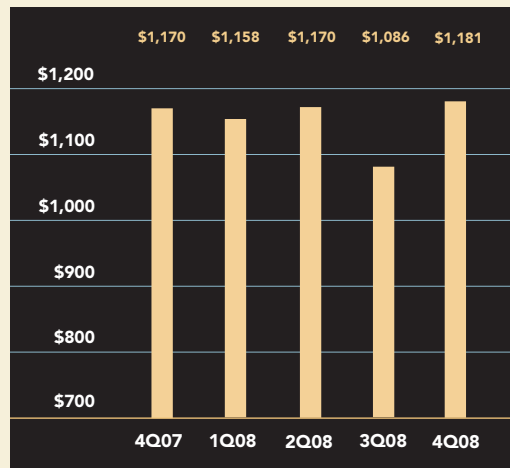


MANHATTAN

LOFTS AND TOWNHOUSES

Manhattan Lofts

Average Price Per Square Foot

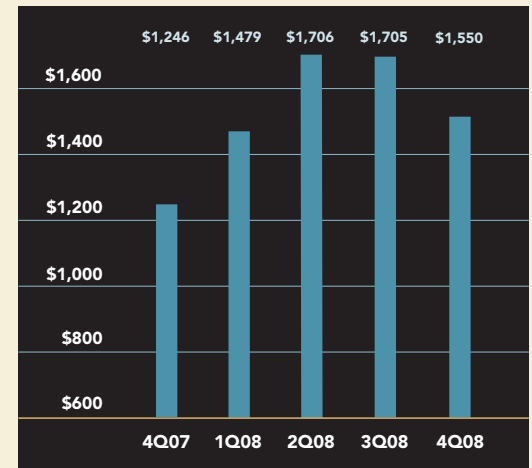


At \$1,181 per square foot, the average loft price was up slightly from the fourth quarter of 2007.

Townhouse prices averaged \$1,550 per square foot during the fourth quarter, up 24% from a year ago, but down 9% from the prior quarter.

Manhattan Townhouses

Average Price Per Square Foot



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