

BROWN HARRIS STEVENS

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Manhattan Residential Market Report

Second Quarter 2004



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Prices Continue to Set Records

A booming City economy helped push the average price for a Manhattan apartment over the \$1 million mark and a new record during the second quarter. Over the past 12 months the average price has risen 28% from \$819,205 to \$1,052,435. While condominiums had led the way in the first quarter, cooperative prices are 30% higher than a year ago and 20% higher than the first quarter of 2004.

For the first time since the recession ended the City's economic growth is outpacing the nation's. Our first quarter growth of 7.0% was the highest since the fourth quarter of 1999, and the 21,100 jobs added were the most since the fourth quarter of 2000. Job growth, which is only now beginning to accelerate, will continue to increase demand and offset interest rate increases over the next few months.

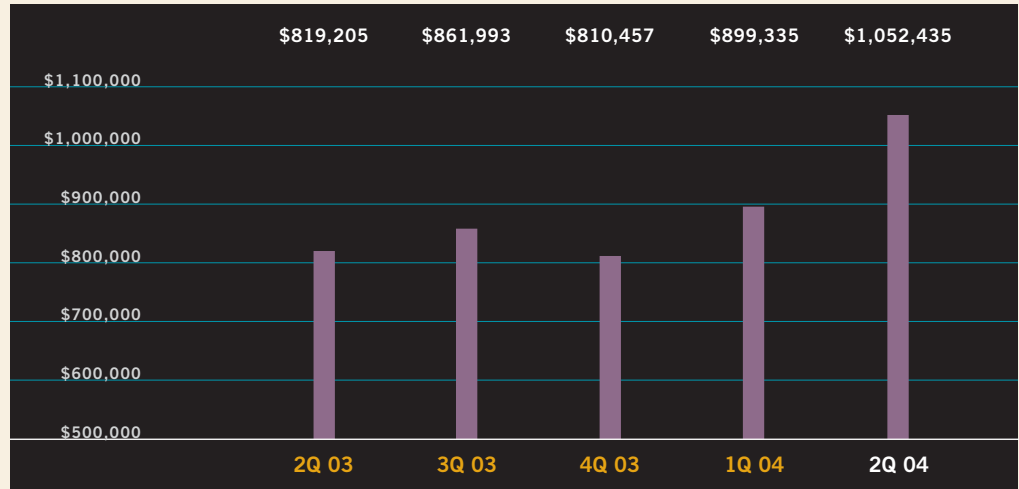
The market was also aided by a fear that the record low period of interest rates was ending. This caused many buyers to purchase ahead of the Fed's June meeting, where the federal funds rate was raised for the first time in four years a quarter percentage point. While this is the first in what is expected to be a series of gradual raises, mortgage rates should remain at historically low levels throughout most of 2004.

Transaction data for this market report is provided by ValuExchange, a proprietary database that contains the transactions of all Terra Holdings companies and is the largest known survey of the Manhattan residential real estate market. For the second quarter, data on 2,855 sales was provided.

— Gregory J. Heym
Chief Economist, Brown Harris Stevens

All Cooperatives and Condominiums

Average Sale Price



The average price for a Manhattan apartment rose 17% over the past three months and 28% over the past year.

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
3rd Q 03	\$4,613,979	\$1,918,039	\$ 995,086	\$442,645	\$256,319	\$ 861,993
2nd Q 03	\$4,563,266	\$1,996,042	\$ 973,627	\$445,837	\$253,739	\$ 819,205

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
3rd Q 03	\$1,153	\$ 866	\$698	\$691	\$528	\$704
2nd Q 03	\$1,045	\$ 914	\$715	\$594	\$546	\$671

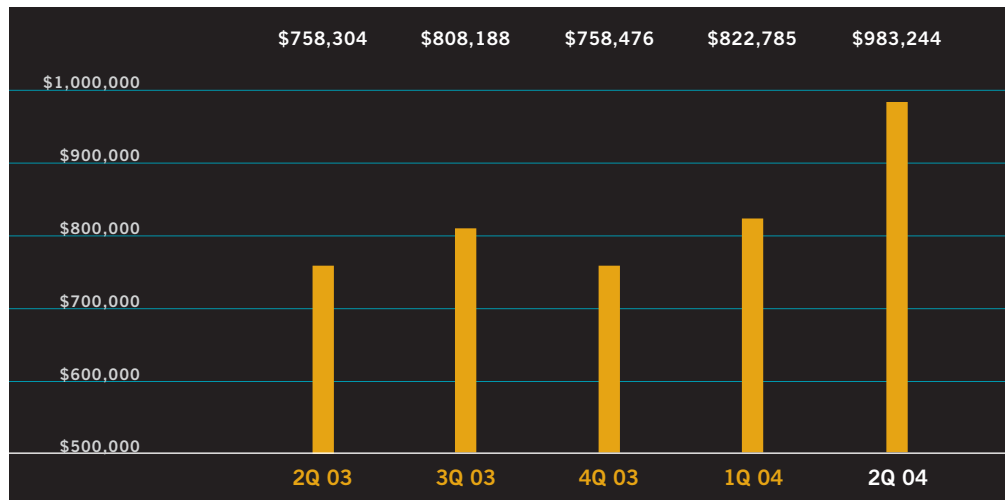
Average Price Per Room

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
3rd Q 03	\$461,063	\$284,736	\$206,967	\$138,478	\$117,113	\$181,448
2nd Q 03	\$461,278	\$298,124	\$209,068	\$139,834	\$115,748	\$179,801

Cooperative Apartments

Cooperative prices are 20% higher than last quarter and are 30% higher than a year ago.

Average Sale Price



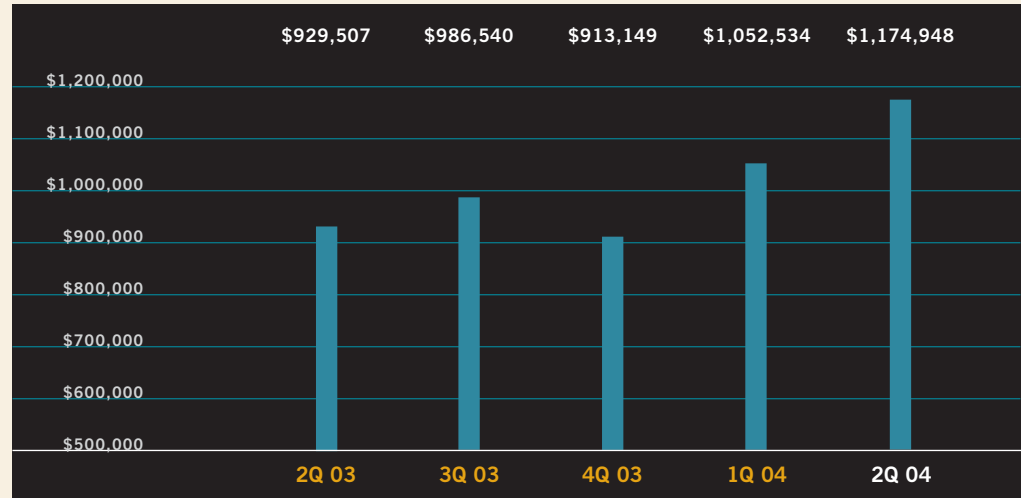
	4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 04	\$5,400,900	\$2,419,584	\$1,066,555	\$468,612	\$263,130	\$983,244
1st Q 04	\$4,902,273	\$2,045,945	\$ 969,221	\$438,149	\$236,864	\$822,785
4th Q 03	\$3,293,864	\$1,825,066	\$ 951,263	\$425,676	\$236,704	\$758,476
3rd Q 03	\$4,559,139	\$1,857,007	\$ 973,854	\$398,815	\$236,879	\$808,188
2nd Q 03	\$5,677,824	\$2,058,435	\$ 922,184	\$417,381	\$234,159	\$758,304

Average Price Per Room

	4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
3rd Q 03	\$449,659	\$262,417	\$194,911	\$124,108	\$107,483	\$166,233
2nd Q 03	\$497,840	\$280,630	\$185,483	\$129,234	\$106,183	\$160,272

Condominium Apartments

Average Sale Price



Condominiums continued to demand higher prices as their average price is up 12% since the first quarter of 2004, and 26% since the second quarter of 2003.

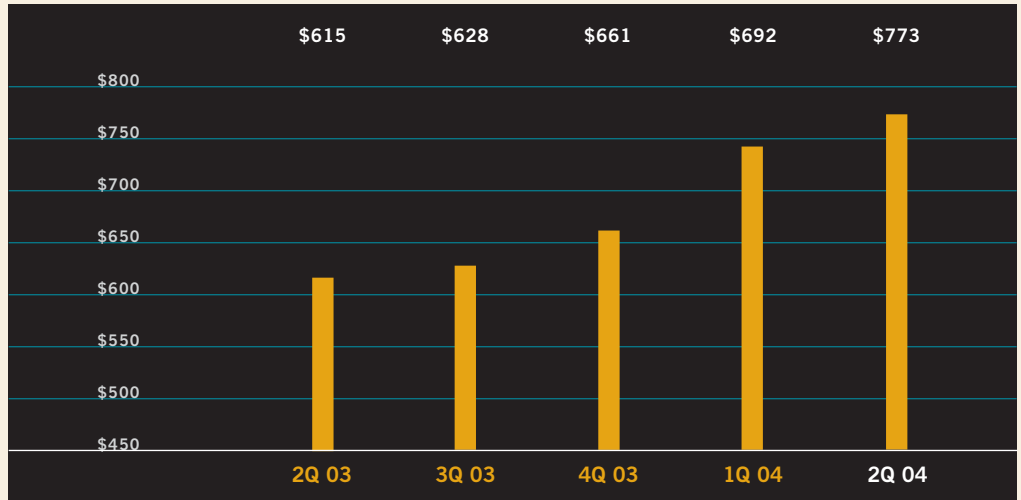
	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
2nd Q 04	\$4,739,793	\$2,421,250	\$1,296,831	\$609,898	\$361,341	\$1,174,948
1st Q 04	\$5,643,799	\$2,426,436	\$1,197,529	\$544,044	\$336,852	\$1,052,534
4th Q 03	\$4,119,466	\$2,022,382	\$1,075,171	\$527,988	\$319,888	\$ 913,149
3rd Q 03	\$4,696,240	\$2,003,974	\$1,040,306	\$524,206	\$302,776	\$ 986,540
2nd Q 03	\$3,657,479	\$1,989,277	\$1,055,941	\$495,017	\$304,143	\$ 929,507

Average Price Per Square Foot

	4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO	ALL
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
3rd Q 03	\$1,259	\$ 929	\$776	\$674	\$611	\$758
2nd Q 03	\$1,124	\$ 958	\$801	\$644	\$599	\$744

Lofts

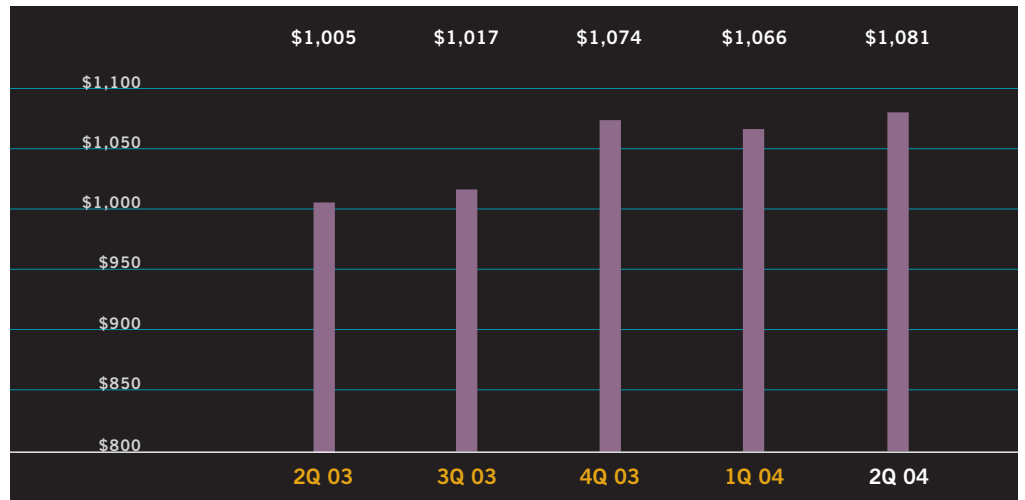
Average Price Per Square Foot



Lofts prices continued to ascend sharply, rising 26% over the past twelve months.

Townhouses

Average Price Per Square Foot



EAST SIDE

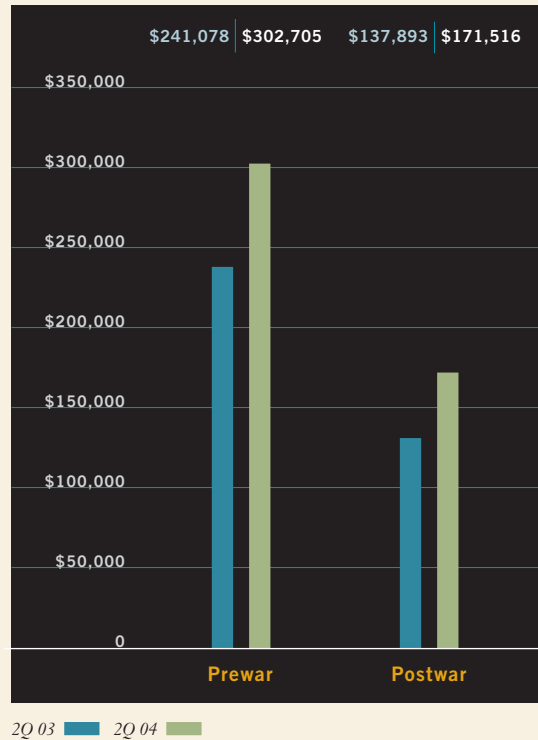
Generally 59th to 96th Street, Fifth Avenue to the East River

All sizes of apartments flourished in the East Side market over the past twelve months, led by three-bedroom apartments which gained 35% in price.

		4+BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 03	4%	14%	30%	40%	12%
	2nd Q 04	5%	16%	33%	36%	10%
Average Price	2nd Q 03	\$5,573,430	\$2,139,465	\$962,670	\$430,796	\$251,967
	2nd Q 04	\$5,912,823	\$2,884,581	\$1,236,603	\$520,684	\$315,651
	% Change	6%	35%	28%	21%	25%

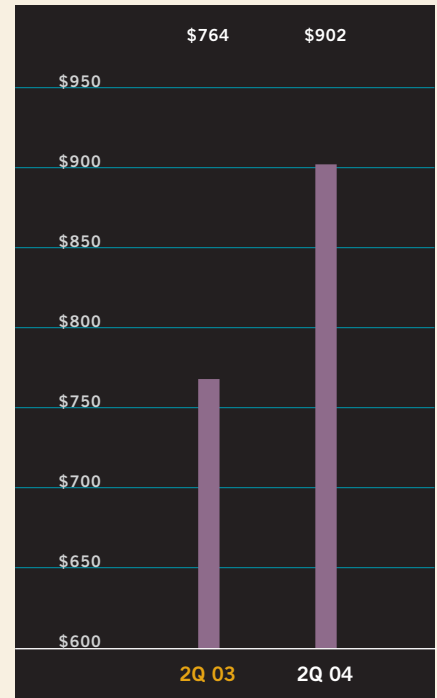
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



WEST SIDE

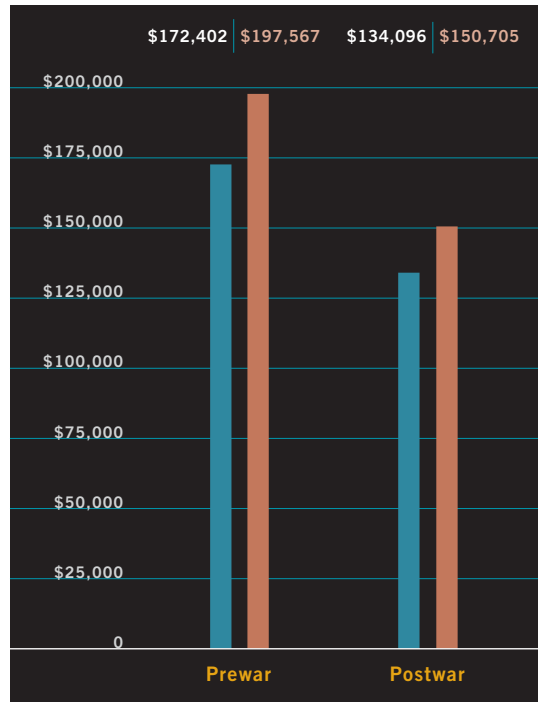
Generally 59th to 110th Street, Hudson River to West of Fifth Avenue

Condominiums continue to drive up prices on the West Side. The average price per square foot for condos jumped 41% from 2003's second quarter.

		4+ BEDROOM	3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 03	3%	11%	33%	41%	12%
	2nd Q 04	2%	15%	31%	40%	12%
Average Price	2nd Q 03	\$3,046,438	\$1,851,730	\$984,541	\$479,175	\$272,863
	2nd Q 04	\$4,836,589	\$2,284,696	\$1,261,668	\$550,376	\$303,603
	% Change	59%	23%	28%	15%	11%

Cooperative

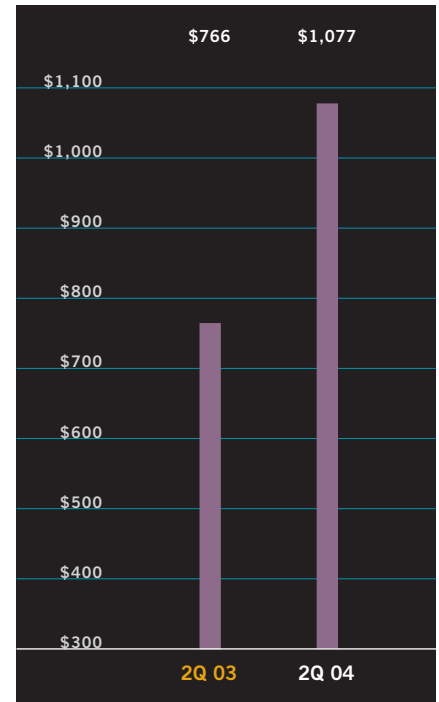
Average Price Per Room



2Q 03 2Q 04

Condominium

Average Price Per Square Foot

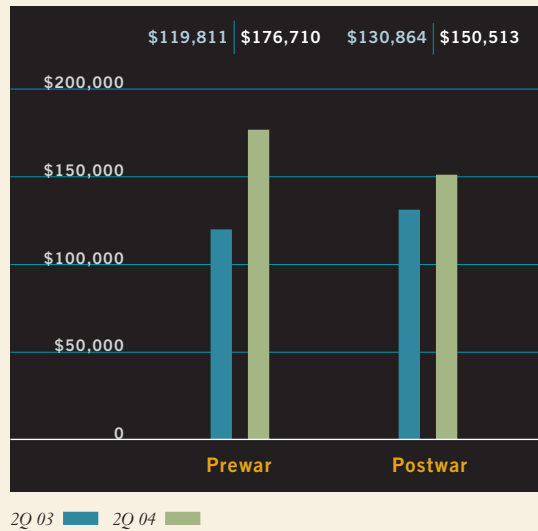


MIDTOWN

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

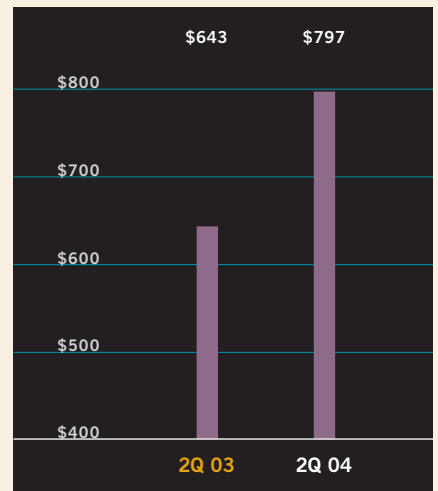
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot

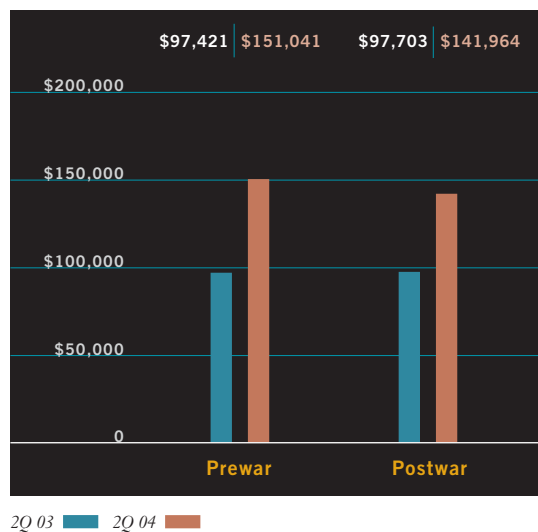


Although strong pricing gains were seen in the Midtown markets, it is important to note that these are the smallest markets and can experience dramatic price changes.

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

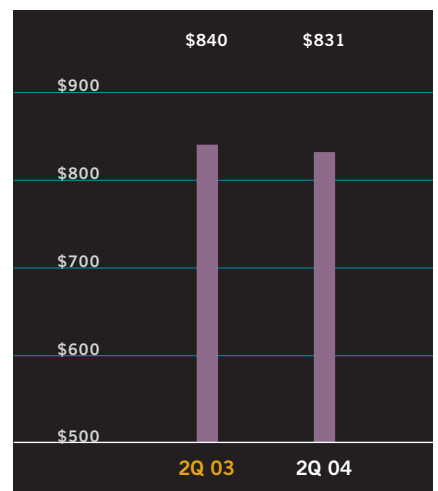
Cooperative

Average Price Per Room



Condominium

Average Price Per Square Foot



DOWNTOWN

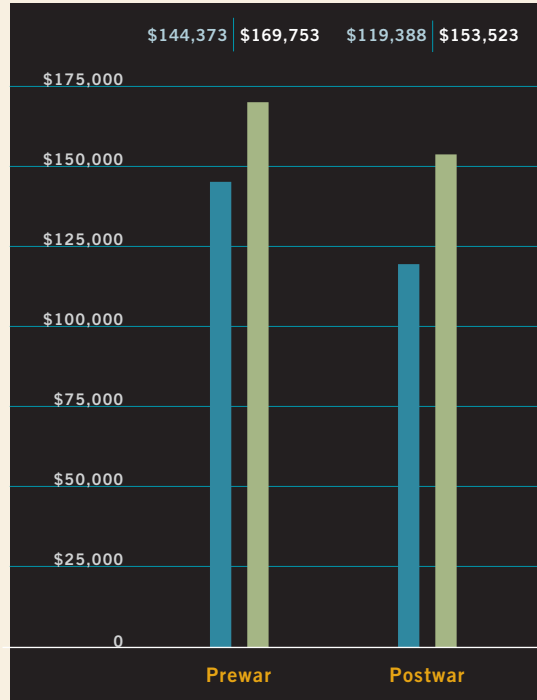
South of 34th Street

In the Downtown market two-bedroom apartments increased the most in price, rising 32% over the past year.

		3-BEDROOM	2-BEDROOM	1-BEDROOM	STUDIO
Percent of Sales	2nd Q 03	7%	24%	48%	21%
	2nd Q 04	9%	25%	42%	24%
Average Price	2nd Q 03	\$1,650,107	\$812,195	\$412,920	\$268,507
	2nd Q 04	\$1,633,026	\$1,074,368	\$505,520	\$312,374
	% Change	-1%	32%	22%	16%

Cooperative

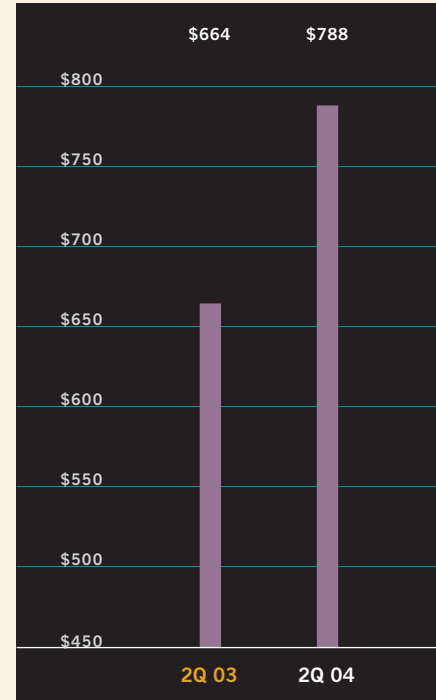
Average Price Per Room



2Q 03 2Q 04

Condominium

Average Price Per Square Foot



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Gregory J. Heym serves as 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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