

# MANHATTAN

## Market Overview

A Quarterly Survey of Manhattan Co-op and Condo Sales

1Q 10



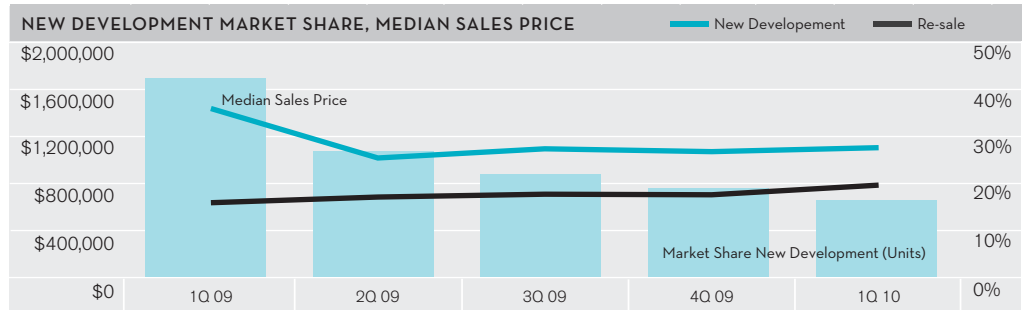
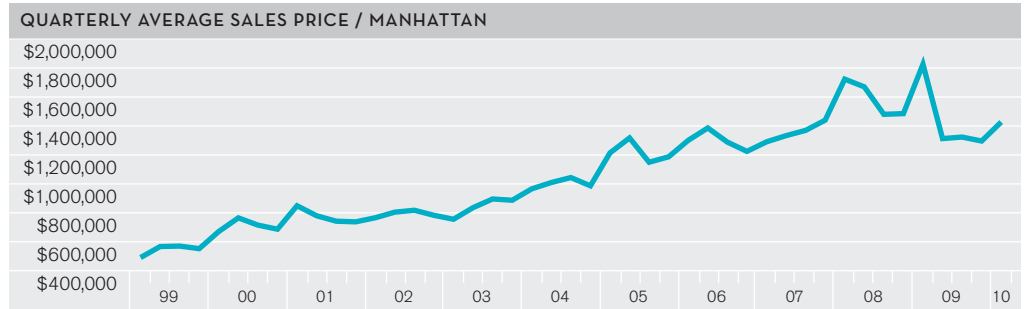
Prepared by Miller Samuel Inc.  
Appraisal and consulting services covering  
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### Number of sales doubled from a year ago as price indicators stabilized

**Number of sales returned to normal levels, inventory jumped** There were approximately twice the number of sales in the first quarter of 2010 as the same period a year ago, however, this is the first quarter-over-quarter decline in the past year. The number of sales jumped 99.5% to 2,384 sales in the first quarter from 1,195 sales in the same period a year ago, but declined 3.6% from 2,473 sales in the prior quarter. The number of sales over the last three quarters has been consistent with the 2,301 quarterly average number of sales over the last decade. The first quarter of 2009 saw the lowest level of sales activity over the prior 15 years and was reflective of the nearly “frozen” market conditions after the Lehman Brothers bankruptcy in the autumn of 2008 and the onset of the credit crunch. The rise in the number of sales over the past year reflected a release of “pent-up” demand resulting in a decline in the number of apartments available for sale. Low mortgage rates, a surging stock market, tax credits, and a new affordability from a sharp decline in property values stimulated demand. There were 8,027 listings at the end of the first quarter, 23.1% below the 10,445 listings in the same period last year, but 17.2% higher than the prior quarter total of 6,851. This excludes, however, an estimated 6,500 units of new development “shadow inventory”. Although inventory is at its second highest level of the past decade, total inventory remains slightly above the ten year average of 7,117 listings.

**Price indicators remained below prior year quarter, showing near term stability** The

MANHATTAN MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,426,994	10.1%	\$1,296,156	-21.8%	\$1,825,847
Average Price per Square Foot	\$1,038	-1.2%	\$1,051	-17.6%	\$1,259
Median Sales Price	\$868,000	7.2%	\$810,000	-11%	\$975,000
New Development	\$1,160,000	3.1%	\$1,125,000	-22.9%	\$1,505,000
Re-Sale	\$830,000	11.4%	\$745,000	23%	\$675,000
Number of Sales	2,384	-3.6%	2,473	99.5%	1,195
Days on Market (from Last List Date)	124	-39.1%	204	-26.9%	170
Listing Discount (from Last List Price)	5.4%		12.8%		12.4%
Listing Inventory	8,027	17.2%	6,851	-23.1%	10,445



median sales price of a Manhattan apartment was \$868,000, 11% below the \$975,000 median sales price of the prior year quarter, but 7.2% above the \$810,000 median sales price of the

prior quarter. This price indicator has shown signs of stability since the second quarter of 2009 as rising sales helped stem the decline of property values that had peaked at \$1,025,000

in the second quarter of 2008. The average sales price fell 21.8% to \$1,426,994 from \$1,825,847 in the prior year quarter, but up 10.1% from the prior quarter average sales price of \$1,296,156. The increase in both price indicators from the prior quarter was reflective of the sharp jump in market share of 2-bedroom apartments and decline in studio apartments. This shift was seen in the price per square foot metric which does not generally see the same level of volatility from unit mix swings as compared to the other price indicators. Price per square foot fell 17.6% to \$1,038 in the first quarter from \$1,259 in the same period last year and slipped 1.2% from \$1,051 in the prior quarter.

**Listing discount and days on market contracted sharply** Due to the surge in sales activity in the second half of 2009, sales in the first quarter reflected more recently listed properties. The average days on market fell to 124 days from 170 days in the prior year quarter and dropped from a recent high of 204 days in the prior quarter. Listing discount also contracted sharply as sellers were becoming more in sync with market conditions. The listing discount fell to 5.4% from 12.4% in the prior year quarter and from 12.8% in the prior quarter. One of the constants in market feedback has been limited availability of re-sale listings despite the near-normalized level of inventory. Observations indicate that newly-listed, over-priced properties help properly-priced properties to sell quicker with less discounting. While property that was sold during the quarter was priced closer to market value than typically seen over the past year, inventory that is still significantly over-priced remains on the market.

**Is “normalized” sales activity of the second half of 2009 sustainable in 2010?** The return to more normal levels of sales activity over the past three quarters was fueled by low mortgage rates, improved confidence as a result of significant gains in the stock market, and the first-time buyer and existing homeowner tax credits. There remains concern in 2010 over the potential for rising mortgage rates, expiration of the tax credit and an economy that has not established significant improvements in unemployment and mortgage financing terms.

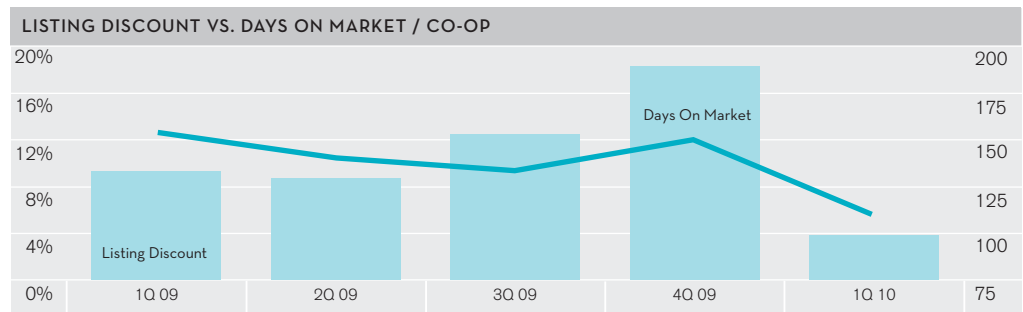
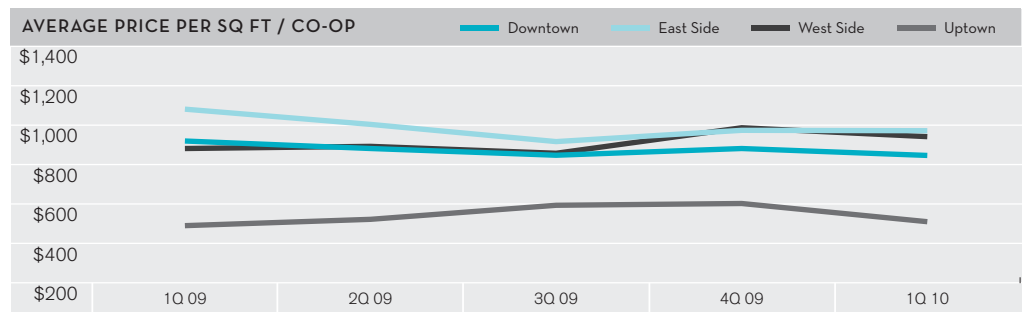
# CO-OP market

*Price indicators were mixed as number of sales surged*

**Record increase in number of sales from prior year quarter** There were 1,111 co-op sales in the first quarter, a 168.4% surge from the 414 sales in the prior year quarter, which at that time was a 16-year low. The number of sales fell 12.1% from 1,264 sales in the prior quarter. The rise in the number of sales over the past year contributed to a decline in listing inventory. At the end of the first quarter, 3,809 co-op apartments were listed for sale, down 20.8% from the 4,807 apartments listed in the prior year quarter, but 24.1% higher than the 3,069 listings at the end of 2009. Monthly absorption—the number of months it would take existing inventory to be sold at the current pace of sales—averaged 10.3 months in the first quarter, a significant improvement from the 34.8-month absorption rate during the same period last year. The co-op absorption rate has averaged 8.9 months over the past decade. Price recovery over the past year had been from the

“bottom up” with first-time buyers providing a large market share. While studio and 1-bedroom apartments are considered the “entry-level” market, studios saw the most change in market share. Studios comprised 15% of all co-op sales in the first quarter compared to 26% in the prior year quarter and 23% in the prior quarter. The 1-bedroom market share remained largely stabilized at 40%, unchanged from the prior year quarter and down from 42% in the prior quarter. At the same time the higher end 3-bedroom market has seen roughly twice the 5.6% market share average of the past five years. Market share has remained between 10% and 11% for the past three quarters.

**Price indicators mixed** The median sales price jumped 16.6% to \$685,000 in the first quarter from the prior year quarter result of \$587,500, which had been a 5-year low, and was up 8.7% from \$630,000 in the prior quarter. The other price indicators showed declines from the prior year quarter. Average sales price slipped 5% to \$1,133,715 in the first quarter from \$1,193,144 in the same period last year, but jumped 16.3% from \$975,049. Price per square foot settled at



CO-OP MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,133,715	16.3%	\$975,049	-5%	\$1,193,144
Average Price per Square Foot	\$908	-1.4%	\$921	-6.2%	\$968
Median Sales Price	\$685,000	8.7%	\$630,000	16.6%	\$587,500
Number of Sales	1,111	-12.1%	1,264	168.4%	414
Days on Market (from Last List Date)	110	-27.2%	151	-29%	155
Listing Discount (from Last List Price)	3.8%		18.3%		9.3%
Listing Inventory	3,809	24.1%	3,069	-20.8%	4,807

CO-OP APARTMENT MIX	% of Total	Median Price
Studio	15%	\$330,000
1 bedroom	40%	\$575,000
2 bedroom	32%	\$1,037,500
3 bedroom	10%	\$2,175,000
4+ bedroom	3%	\$5,650,000

\$908, 6.2% below the \$968 price in the same period last year and down 1.4% from \$921 in the prior quarter. The volatility in these price indicators suggests a market trying to find a “bottom”. Perhaps the most noticeable pattern in the first quarter was the shift in median sales price strength to 3-bedroom and 4-bedroom apartments which showed an 11.5% and 27.7% jump respectively since the end of 2009 contrary to their 36.5% and 37.1% declines from the same period last year.

**Days on market and listing discount dropped sharply** The average days on market in the first quarter declined significantly to 110 days from 155 days in the prior year quarter and from 151 days in the prior quarter. Listing discount also posted a large decline in the first quarter as the spread between list price and sales price contracted. The average listing discount was 3.8% in the first quarter, down from 9.3% in the same period last year and down sharply from 18.3% in the prior quarter. With an abundance of over-priced listings, properties priced closer to market levels are being absorbed faster and for a modest discount which has helped reduce days on market and listing discount.

# CONDO *market*

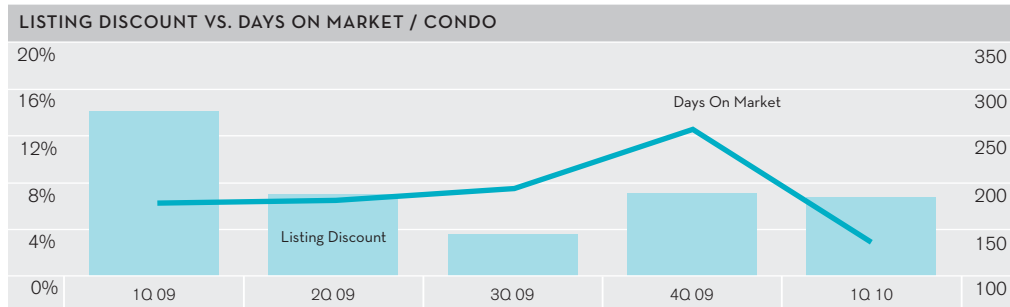
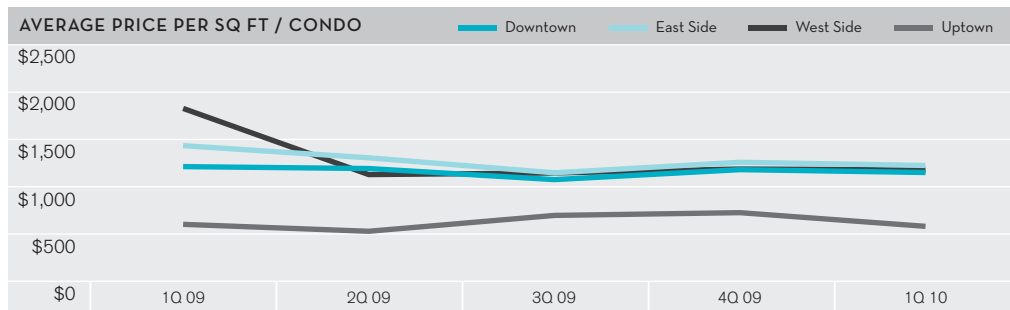
## Number of condo re-sales jump as days on market drops

**Listing inventory fell sharply as number of sales surged** The number of units listed in inventory fell 25.2% to 4,218 units from 5,638 in the same period last year, but 11.5% higher than 3,782 units at the end of 2009. Listing inventory, excluding “shadow inventory” estimated to be 6,500 units, is 33.8% higher than the 10-year average listing inventory of 3,153 units. There were 1,273 sales in the first quarter, 63% more than the 781 sales in the prior year quarter, which was a 5-year low and 5.3% more than the 1,209 sales in the prior quarter. The monthly absorption rate—the number of months to sell out all listing inventory excluding shadow inventory at the current pace of sales—is 9.9 months, higher than the 7.9 month average over the past 10 years. The studio and 1-bedroom market showed consistent market share in the first quarter compared to the prior year quarter while the 2-bedroom market, which

is the largest category nearly every quarter, lost share at the expense of the 3-bedroom and 4-bedroom markets which nearly doubled.

**Price indicators showed mixed results** The median sales price of a Manhattan condo was \$1,065,000, 13.2% below the prior year quarter median sales price of \$1,227,200, but 7% above the prior quarter result of \$995,000. Average sales price followed the same pattern falling 21.8% to \$1,690,399 from \$2,161,237 in the same period last year, but 3.6% above the prior quarter result of \$1,631,872. Price per square foot fell 18.3% to \$1,154 from \$1,413 in the prior year quarter and fell 2.8% from \$1,187 in the prior quarter. The change in median sales price by size showed declines in all size categories as compared to the prior year quarter with the largest declines in the 2, 3 and 4-bedroom segments. With the exception of studio units, which showed a 6.3% increase from the prior quarter, all sizes also showed a continued decline in the median sales price from the prior quarter.

**Listing discount and days on market fell** Days on market fell to 135 days from 178 days in the prior year quarter and from 259 days in the prior quarter. The significant decline suggests the prior quarter was an outlier and is consistent with pricing for current listing inventory. Anecdotally there appears to be an unusually heavy volume of over-priced listings entering the market which has caused properly-priced properties to “move to the front of the line” by selling more rapidly. Re-sale shadow inventory—properties that were pulled from the market at this time last year by sellers who opted to wait until the market improved—are re-entering the market. Listing discount, the spread between the list price at time of contract and the contract price, also fell sharply. The listing discount was 6.7% in the first quarter down from 14.1% in the prior year quarter and down from 7.1% in the prior quarter.



CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,690,399	3.6%	\$1,631,872	-21.8%	\$2,161,237
Average Price per Square Foot	\$1,154	-2.8%	\$1,187	-18.3%	\$1,413
Median Sales Price	\$1,065,000	7%	\$995,000	-13.2%	\$1,227,200
Number of Sales	1,273	5.3%	1,209	63%	781
Days on Market (from Last List Date)	135	-47.9%	259	-24.2%	178
Listing Discount (from Last List Price)	6.7%		7.1%		14.1%
Listing Inventory	4,218	11.5%	3,782	-25.2%	5,638

CONDO APARTMENT MIX	% of Total	Median Price
Studio	10%	\$485,000
1 bedroom	32%	\$710,000
2 bedroom	39%	\$1,330,000
3 bedroom	13%	\$2,495,000
4+ bedroom	6%	\$5,650,000

# LUXURY market

Price indicators showed recent gains as listing discount declined

**Price indicators began to show gains** Although all price indicators reflect consistent double-digit declines from the same period last year, they have shown improvement since the beginning of 2010. Median sales price fell 30.5% to \$4,582,125 from \$6,595,000 in the same period last year, but jumped 21.2% from \$3,780,000 in the prior quarter. This indicator had remained below \$4,000,000 throughout 2009. Average sales price followed the same pattern declining 28.9% to \$5,550,494 from \$7,801,442 in the prior year quarter, but increased 14.1% from \$4,863,673 in the prior quarter. Price per square foot fell 28% to \$1,881 in the first quarter from \$2,612 in the

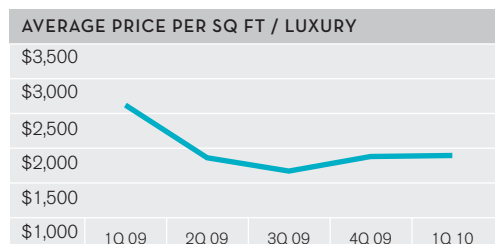
prior year quarter and up a modest 0.8% from \$1,866 in the prior quarter. This represents the fourth consecutive quarter that price per square foot remained below \$2,000 per square foot after being above that threshold for the prior six quarters. The average size of a luxury apartment was 2,951 square feet.

**Listing inventory slipped from last year, recent increases lagged the overall market** There were 1,502 apartments listed for sale in the first quarter, 6.7% below the 1,610 listings in the same period a year ago, but 8.5% more than the 1,384 listings available at the end of 2009. Gains in market-wide inventory were more than double the rate of growth at 17.2%. Excluding shadow inventory, monthly absorption rate was 19.2 months, nearly half the rate of the recent 40.3 month peak seen in the first quarter of 2009 and slightly higher than the 18.2 monthly absorption

rate averaged over the prior decade. Although luxury sales represent 10% of the overall market, luxury inventory represents 18.7%.

**Days on market and listing discount declined** Manhattan luxury properties averaged 193 days on market in the first quarter, 40 days longer than the 153 days in the prior year quarter, but 47 days faster than the prior quarter. The first quarter results were 69 days longer than the overall market, the largest difference seen in the ten years this metric has been tracked and three times the 18-day differential averaged over the same period. Luxury properties typically take longer to sell than any other segment. Listing discount fell to 3.6% from 7.8% in the prior year quarter and from 4.3% in the prior quarter.

Note: This sub-category is the analysis of the top ten percent of all co-op and condo sales. The data is also contained within the co-op and condo markets presented.



LUXURY MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$5,550,494	14.1%	\$4,863,673	-28.9%	\$7,801,442
Average Price per Square Foot	\$1,881	0.8%	\$1,866	-28%	\$2,612
Median Sales Price	\$4,582,125	21.2%	\$3,780,000	-30.5%	\$6,595,000
Number of Sales	235	-4.9%	247	95.8%	120
Days on Market (from Last List Date)	193	-19.6%	240	26.1%	153
Listing Discount (from Last List Price)	3.6%		4.3%		7.8%
Listing Inventory	1,502	8.5%	1,384	-6.7%	1,610

# LOFT market

Number of sales doubled as prices fell

**Price indicator began to show stability** The median sales price of a Manhattan loft was \$1,400,000, down 32.2% from \$2,065,000 in the prior year quarter and unchanged from the prior quarter. The average sales price fell 21.5% to \$2,040,263 from \$2,597,869 in the prior year quarter, but increased 16.8% from \$1,746,274 in the prior quarter. Price per square foot showed a similar trend, falling 15.4% to \$1,121 from \$1,325 in

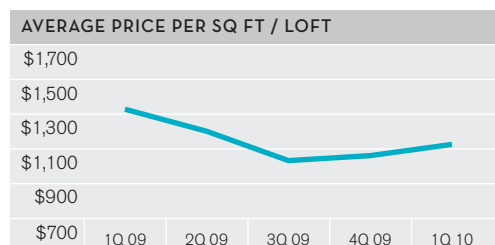
the prior year quarter, but up 6.2% from \$1,056 in the prior quarter.

**Number of sales surged as inventory dropped sharply** There were 180 loft sales in the first quarter, representing 11% of the overall market sales activity and consistent with the 10.5% market share for lofts over the past decade. The first quarter number of sales were more than twice the 89 sales in the same period last year and down nominally from 182 sales in the prior quarter. The elevated level of sales activity worked off inventory levels by 33.3% to 556 units in the first quarter from 834 units in the same period last year. Inventory increased 14.4% from 486 listings

in the prior quarter, less than the overall market growth of 17.2% over the same period.

**Listing discount and days on market declined** Loft properties took an average of 146 days to sell, 12 days faster than the 158 days on market of the prior year quarter and 44 days faster than the 190 days on market at the end of 2009. Listing discount also contracted. The spread between the average last listing price set for a property and the average contract price fell sharply to 3.3% from 8.9% during the same period a year ago and down from 12.8% in the prior quarter.

Note: This sub-category is the analysis of all co-op and condo loft sales available. The data is also contained within the co-op and condo markets presented.



LOFT MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$2,040,263	16.8%	\$1,746,274	-21.5%	\$2,597,869
Average Price per Square Foot	\$1,121	6.2%	\$1,056	-15.4%	\$1,325
Median Sales Price	\$1,400,000	0%	\$1,400,000	-32.2%	\$2,065,000
Number of Sales	180	-1.1%	182	102.2%	89
Days on Market (from Last List Date)	146	-23.2%	190	-7.6%	158
Listing Discount (from Last List Price)	3.3%		12.8%		8.9%
Listing Inventory	556	14.4%	486	-33.3%	834

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