



**peter comitini** | *corcoran*  
VICE PRESIDENT | corcoran group real estate

**comitini.com** the fastest growing real estate blog in nyc and beyond

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**peter comitini**  
the corcoran group  
636 sixth avenue  
new york, ny 10011  
212.444.7844

pcc@corcoran.com  
info@comitini.com

**HIGHLIGHTS:** The last quarter of 2006 was overall, a market place which trended upward. Average sale price was up 8% and the median sale price was up 11% over the same period last year. The bubble we were told might be coming never popped. However, gains were modest and we did see some price declines in particular neighborhoods, property types, and sizes. It's a mixed bag that's outlined inside in greater detail.

**ON THE SUPPLY SIDE:** The continuing stream of new developments that are coming to market have helped to curb the enthusiasm of the runaway boom of a few years ago. With a reported 28,258 units either being built or planned, they will continue to have an effect through 2008. Builders have reacted to this by setting more sober price targets, or deciding to shift gears and build commercial properties instead.

**ON THE DEMAND SIDE:** There was a distinct bounce in volume with a 27% increase in the number of deals in the fourth quarter compared to a year earlier. As we begin 2007, the foot traffic at open houses is brisk as reported on my blog. The amount of time homes are on the market before a contract is signed is also showing evidence of shortening. The amount of deals in my office doubled in January. This is widely believed to be in part, the effect of record setting bonuses paid to financial services professionals entering the marketplace. The attraction of NYC homes remains strong with overseas investors as well as the owner-occupants, which compromise the vast majority of Manhattan homeowners.

**ON BALANCE:** Far from a bubble, we are experiencing a very healthy marketplace, just off its record pace. You can't buy an apartment and flip it a year later at an enormous profit. Buyers have come to realize that the sky is not falling either. They are back out shopping and finding it to be a refreshing change, with a selection of choice resale properties and new developments. Sellers with expectations grounded in solid data and the proper guidance, will do well too.

**ON YOUR SIDE:** Please call me to discuss how your home in particular, might fare in today's real estate market. I'd be pleased to provide a detailed *Market Analysis* and answer any questions about this report that you may have.

A handwritten signature in black ink, appearing to read 'Peter Comitini', written in a cursive style.

We are pleased to present the Fourth Quarter Corcoran Report, an easy-to-read snapshot of the current state of the Manhattan real estate market. This report utilizes data based on deals that closed in 4Q 2006 (October 1 through December 31) with performance compared to that of 4Q 2005.

Following on the heels of several years of unrestrained appreciation in the real estate market, 2006 has represented a break from the exuberant early part of the decade. While it's true that values were generally up in 2006, they were up by more modest margins. The demand for new development properties brought about a surge in building projects throughout the borough and lifted supply back to more typical levels, taking the edge off of the frenzied market we saw in 2003 and 2004.

Broader economic trends have also played a part in the story of the Manhattan residential real estate market this quarter.

In 2006, a general economic slowdown occurred as a result of a two-year campaign by the Federal Reserve to keep inflation under control by pushing interest rates higher. During the Fourth Quarter, the Federal Reserve left rates unchanged, with the federal fund rate at 5.25 percent. In response, commercial banks have kept prime lending rates at 8.25 percent. The decision to leave rates where they were had been widely expected and lends a sense of stability to the economy, a positive sign for the real estate market.

In addition, you'll be pleased to hear that the winter season has been busy. Much of the activity we are seeing is attributable to the anticipated year-end bonuses soon to reach the market, particularly the record-breaking bonuses coming in the financial sector. An early sign of the impact of this influx has been activity in the luxury market, which enjoyed a 25% increase in the number of sales this quarter compared to 4Q 2005.

We hope you will find this edition of the Corcoran Report useful and informative, and we welcome any questions you may have regarding it.

Sincerely,

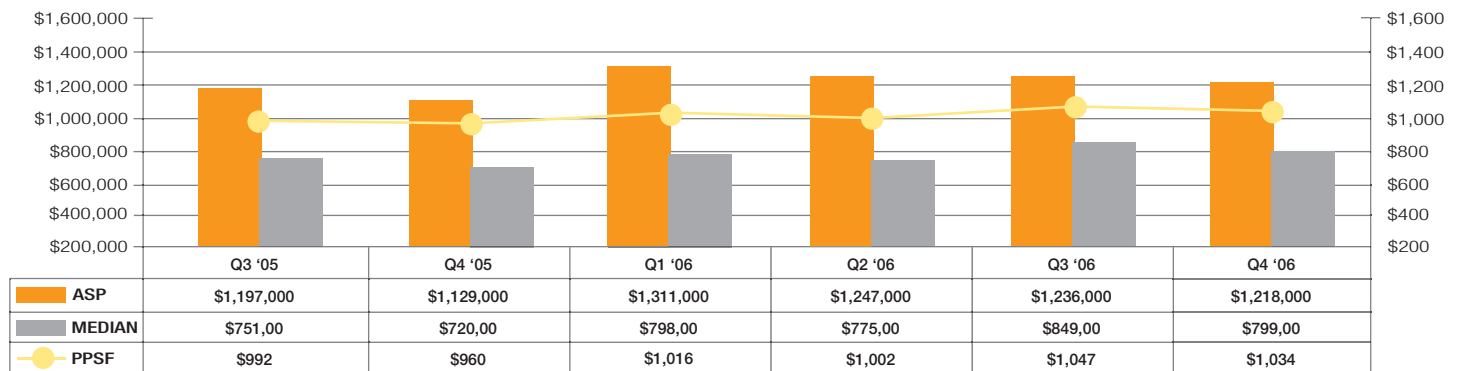
*Pamela Liebman*

Pamela Liebman

Chief Executive Officer



### Market Wide Overview (All Apartments)



The fourth quarter was unusually busy for the Manhattan real estate market. In a shift from the more subdued activity levels we have been experiencing, there were 2,406 sales tracked in 4Q 2006, 27% more than in 4Q 2005.

Market-wide, the average sale price for an apartment in Manhattan in the 4Q 2006 was \$1.218 million, up 8% from 4Q 2005 and down 1% over 3Q 2006. Meanwhile the median sale price - the price most commonly paid by buyers - reached \$799,000, an 11% increase over 4Q 2005 and a 6% decrease over 3Q 2006.

All Apts	All Apts			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
<b>2006</b>	1.218M	799K	1,034	444K	411K	718K	650K	1.417M	1.295M	3.230M	2.500M
<b>2005</b>	1.129M	720K	960	413K	380K	699K	639K	1.419M	1.225M	2.990M	2.495M
<b>% Change</b>	+8%	+11%	+8%	+8%	+8%	+3%	+2%	0%	+6%	+8%	0%

## Market Wide: Co-ops & Condos

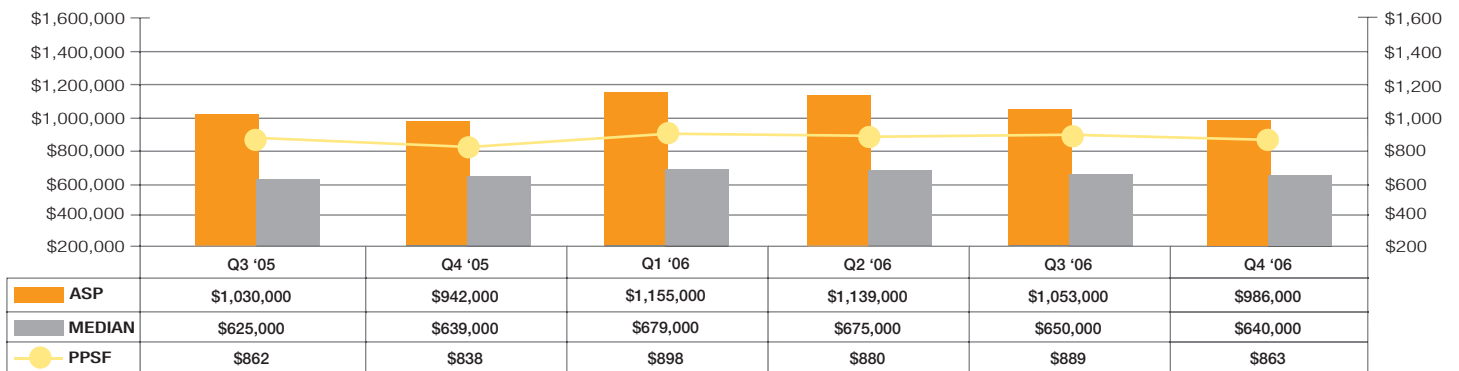
The overall picture for Manhattan real estate prices in the fourth quarter was a modest increase for both co-ops and condos over the prior year. Average sale price and PPSF for co-ops improved by 5% and 3% respectively over 4Q 2005. Condos increased a modest 3% in average sale price and 7% in price per square foot.

Co-ops	All Co-ops			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	986K	640K	863	375K	375K	600K	573K	1.209M	1.050M	2.855M	2.198M
2005	942K	639K	838	372K	351K	613K	567K	1.197M	1.051M	2.633M	2.175M
% Change	+5%	0%	+3%	+1%	+7%	-2%	+1%	+1%	0%	+8%	+1%

Condos	All Condos			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.442M	995K	1,171	541K	490K	864K	783K	1.607M	1.538M	3.389M	2.770M
2005	1.396M	899K	1,096	512K	478K	833K	750K	1.639M	1.450M	3.425M	2.650M
% Change	+3%	+11%	+7%	+6%	+3%	+4%	+4%	-2%	+6%	-1%	+5%

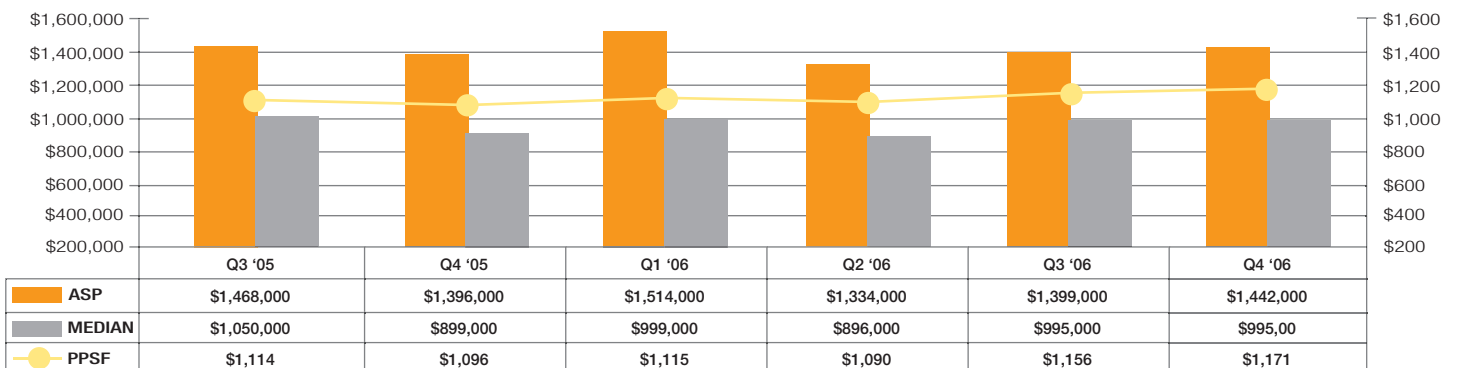
## Market Wide: Co-ops

Cooperative prices were relatively unchanged over last year, with the average sale price up 5%. On a price per square foot basis, co-ops were more expensive by a modest 3% over 4Q 2005. However, co-op prices were down from 3Q 2006, by 6% in average sale price and 3% in price per square foot.



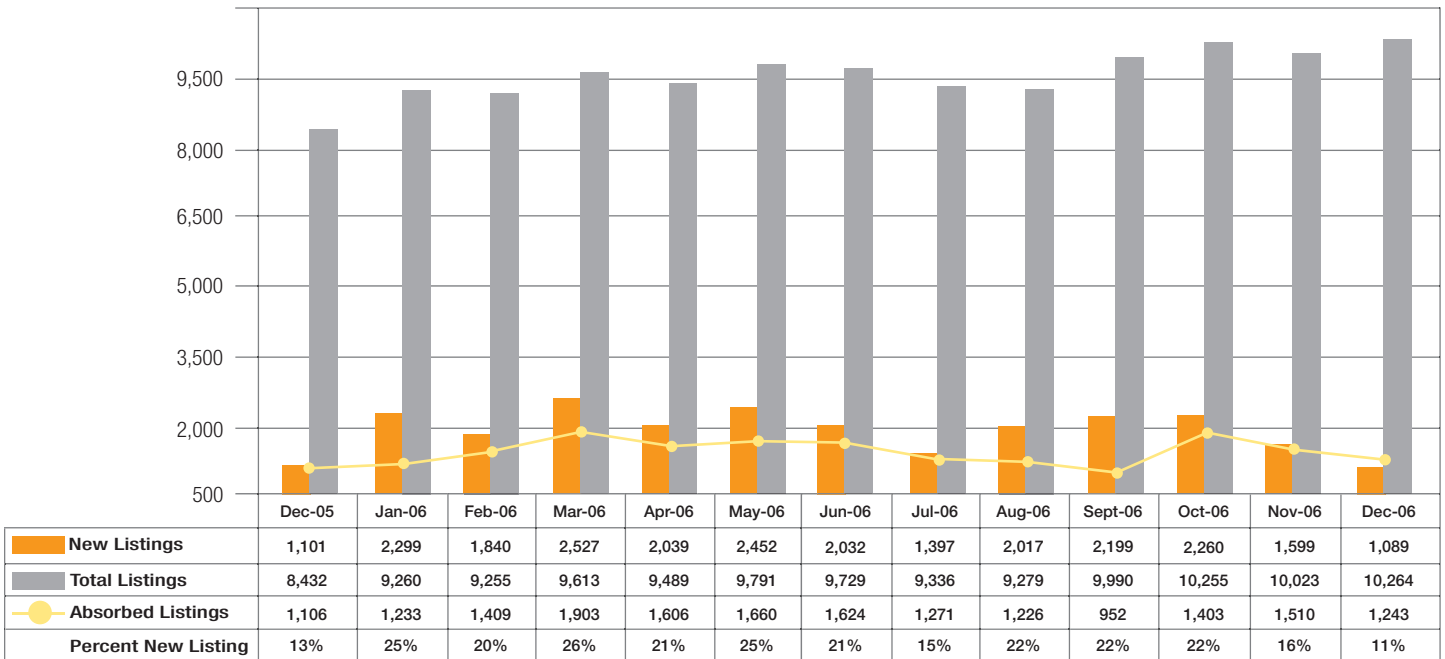
## Market Wide: Condos

Condo sales were stable and continue to be ahead of their position one year ago, finishing the quarter up 3% in average sale price over 4Q 2005. On a price per square foot basis, condos were more expensive in 4Q 2006 with an increase of 7% over 4Q 2005. Condo numbers remained consistent from 3Q 2006 with an average sale price up 3% and up 1% in price per square foot.



## Manhattan Absorption vs. New & Total Listings

Perhaps the most telling indicator of what has been happening in the Manhattan market over the last year is the illustration of supply and demand given from our Inventory and Absorption chart. Since mid-year 2005, a wave of new apartments has hit the market, boosted strongly by the opening of many new development projects throughout the borough. The increase in supply has shifted the power in the market and the result has been increasing influence for buyers and greater price negotiability in general.



## Luxury Market

Manhattan's Luxury Market - comprised of the top ten percent of all co-op and condo sales - saw the average sale price increase to \$3.990 million. That is up 5% from 4Q 2005 in average sale price and up 11% in price per square foot. In 4Q 2006, a property had to sell for at least \$2.393 million to achieve this category.

Condo & Co-op	Condos & Co-ops		
	Average	Median	ppsf
<b>2006</b>	3.990M	3.150M	1,689
<b>2005</b>	3.800M	3.050M	1,523
<b>% Change</b>	+5%	+3%	+11%

Co-ops	All Co-ops		
	Average	Median	ppsf
<b>2006</b>	4.174M	3.175M	1,476
<b>2005</b>	3.583M	3.175M	1,382
<b>% Change</b>	+16%	0%	+7%

Condos	All Condos		
	Average	Median	ppsf
<b>2006</b>	3.893M	3.130M	1,770
<b>2005</b>	3.963M	2.995M	1,590
<b>% Change</b>	-2%	+5%	+11%

## Townhouses

Townhouses remain some of the most cherished and exciting residential properties in the city and the sale of one or two significant properties has the power to shift the average sale price markedly. For example, this quarter, the sale of the fin-de-siècle neo-French Renaissance townhouse that was home to the Harkness School of Dance boosted the average sale price for Eastside townhouses, keeping that statistic unusually high again this year. The Westside enjoys more variety in prices; however deals on a few trophy properties there likewise boosted the average price up by a robust 43%. The increased desirability of Downtown homes over the last few years has not abated; they increased by a substantial 24%.

Townhouses	Eastside		Westside		Downtown	
	Average	Median	Average	Median	Average	Median
2006	11.791M	4.700M	8.585M	3.200M	5.968M	5.000M
2005	11.386M	11.860M	6.006M	6.263M	4.802M	3.600M
% Change	+4%	-60%	+43%	-49%	+24%	+39%

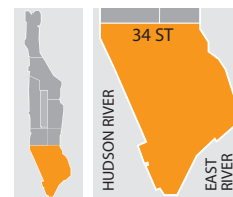
## Lofts

On average, the city's loft market, centered in the prime Downtown enclaves of SoHo, Tribeca, Greenwich Village and Chelsea saw price declines of 9% but price per square foot up 5% as smaller lofts sold in greater numbers and at higher price points. Prices in the smallest and largest size categories rose by at least 14% but lofts between 1500-2500 square feet actually saw declines from 1% to 9%.

Lofts	All Lofts			1,000 -1,500 sf		1,500 -2,000 sf		2,000 -2,500 sf		2,500+ sf	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.647M	1.310M	1,006	1.351M	1.295M	1.741M	1.655M	2.000M	1.962M	4.131M	3.759M
2005	1.803M	1.595M	959	1.184M	1.195M	1.765M	1.610M	2.200M	2.200M	3.006M	2.830M
% Change	-9%	-18%	+5%	+14%	+8%	-1%	+3%	-9%	-11%	+37%	+33%

## Downtown

Neighborhoods south of 34th underwent a modest decrease. The downtown co-op market decreased 3% in average sale price, while price per square foot decreased 1%. Meanwhile, condos increased 28% in average sale price thanks in part to the spectacular success of such high-profile new development buildings as 15 Broad. The average price per square foot for condos increased 11%.

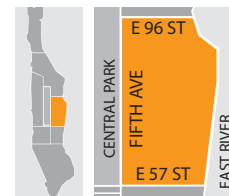


Co-ops	All Co-ops			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	684K	580K	886	409K	398K	608K	595K	1.095M	960K	1.296M	920K
2005	706K	532K	879	402K	399K	590K	565K	1.139M	963K	2.194M	1.700M
% Change	-3%	+9%	-1%	+2%	0%	+3%	+5%	-4%	0%	-41%	-46%

Condos	All Condos			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.232M	980K	1,127	522K	488K	838K	798K	1.616M	1.580M	2.373M	2.050M
2005	960K	697K	1,017	441K	444K	715K	673K	1.394M	1.350M	2.337M	2.495M
% Change	+28%	+41%	+11%	+18%	+10%	+17%	+19%	+16%	+17%	+2%	-18%

## Eastside

East Side co-ops posted average sale prices higher by 3% and price per square foot up 4%. Condos, on the other hand, decreased 5% in average sale price posting in at \$1.685 million. Nevertheless, condominiums were up 2% in price per square foot.

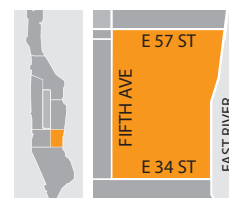


Co-ops	All Co-ops			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.167M	715K	875	342K	329K	613K	560K	1.337M	1.195M	3.253M	2.372M
2005	1.130M	725K	838	340K	343K	634K	565K	1.315M	1.195M	3.011M	2.919M
% Change	+3%	-1%	+4%	+1%	-4%	-3%	-1%	+2%	0%	+8%	-19%

Condos	All Condos			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.685M	1.145M	1,229	494K	487K	967K	745K	1.638M	1.481M	3.335M	2.708M
2005	1.766M	995M	1,200	503K	469K	854K	775K	1.949M	1.695M	5.152M	3.384M
% Change	-5%	+15%	+2%	-2%	+4%	+13%	-4%	-16%	+13%	-35%	-20%

## Midtown East

Co-ops in the area encompassing Murray Hill, the East 50s, and the United Nations saw modest price declines of 6% due to slower activity among high end properties. The condo market underwent a similar drop of 7% in average sale price but were up 3% in price per square foot.

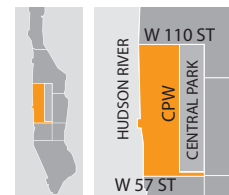


Co-ops	All Co-ops			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	716K	590K	747	354K	350K	587K	558K	1.058M	995K	2.387M	2.223M
2005	765K	565K	733	306K	285K	561K	550K	1.287M	1.198M	2.083M	1.888M
% Change	-6%	+4%	+2%	+16%	+23%	+5%	+1%	-18%	-17%	+15%	+18%

Condos	All Condos			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.626M	925K	1,273	544K	465K	976K	645K	1.723M	1.425M	4.166M	2.875M
2005	1.741M	1.450M	1,240	410K	401K	1.098M	880K	1.845M	1.832M	4.195M	3.930M
% Change	-7%	-36%	+3%	+33%	+16%	-11%	-27%	-7%	-22%	-1%	-27%

## Westside

The overall picture for co-ops was up in virtually all size categories most notably in the 3+ bedroom apartments with a 21% rise in average sale price. On the whole, the coop market increased 13% in average sale price. Condos in the Westside saw gains of 5% in average sale price and 8% in price per square foot.

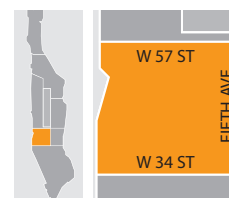


Co-ops	All Co-ops			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.139M	689K	945	375K	367K	589K	575K	1.299M	1.150M	3.219M	2.395M
2005	1.005M	694K	872	343K	350K	594K	577K	1.174M	959K	2.664M	2.150M
% Change	+13%	-1%	+8%	+9%	+5%	-1%	0%	+11%	+20%	+21%	+11%

Condos	All Condos			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.606M	1.150M	1,280	561K	478K	860K	770K	1.597M	1.395M	3.803M	2.205M
2005	1.531M	933K	1,188	534K	525K	833K	785K	1.690M	1.550M	3.606M	2.385M
% Change	+5%	+23%	+8%	+5%	-9%	+3%	-2%	-6%	-10%	+5%	-8%

## Midtown West

The Midtown West co-ops underwent a significant decrease with the average sale price down 19% due to the fact that no 3+ bedroom apartments closed in this area in 4Q 2006. Price per square foot underwent a modest decrease of 3%. Meanwhile, condos increased 10% in average sale price and up 6% in price per square foot thanks in part to the large number of closings that took place at The Orion.



Co-ops	All Co-ops			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	599K	530K	746	463K	275K	497K	489K	907K	885K	N/A	N/A
2005	736K	588K	766	281K	280K	509K	450K	900K	799K	2.795M	2.795M
% Change	-19%	-10%	-3%	+65%	-2%	-2%	+9%	+1%	+11%	N/A	N/A

Condos	All Condos			Studio		1 BR		2 BR		3BR	
	Average	Median	ppsf	Average	Median	Average	Median	Average	Median	Average	Median
2006	1.028M	901K	1,167	524K	520K	871K	868K	1.538M	1.518M	3.450M	3.450M
2005	936K	863K	1,098	497K	510K	889K	875K	1.378M	1.300M	1.500M	1.500M
% Change	+10%	+4%	+6%	+5%	+2%	-2%	-1%	+12%	+17%	+130%	+130%