

YEAR END 2006

the **corcoran** report

manhattansm

A comprehensive analysis
of the residential real estate
market in Manhattan.

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The Manhattan Sales Report is based on data collected from Mitchell, Maxwell & Jackson and The Corcoran Group.
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We are pleased to present the 2006 Year End Corcoran Report, an easy-to-read snapshot of the current state of the Manhattan residential sales market. This report profiles data based on deals that closed in 2006, with performance compared to that of calendar year 2005.

Following on the heels of several years of unrestrained appreciation in the real estate market, 2006 has represented a shift from the exuberant early part of the decade. While it's true that values are generally up in 2006, they were up by more modest margins than each of the last several years. The demand for new development properties brought about a surge in building projects throughout the borough that has lifted supply back to more typical levels.

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. The Federal Reserve has left rates unchanged since June 2006 with the federal fund rate at 5.25 percent. In response commercial banks have kept prime lending rates at 8.25 percent.

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,

A handwritten signature in black ink that reads "Pamela Liebman". The signature is written in a cursive, flowing style.

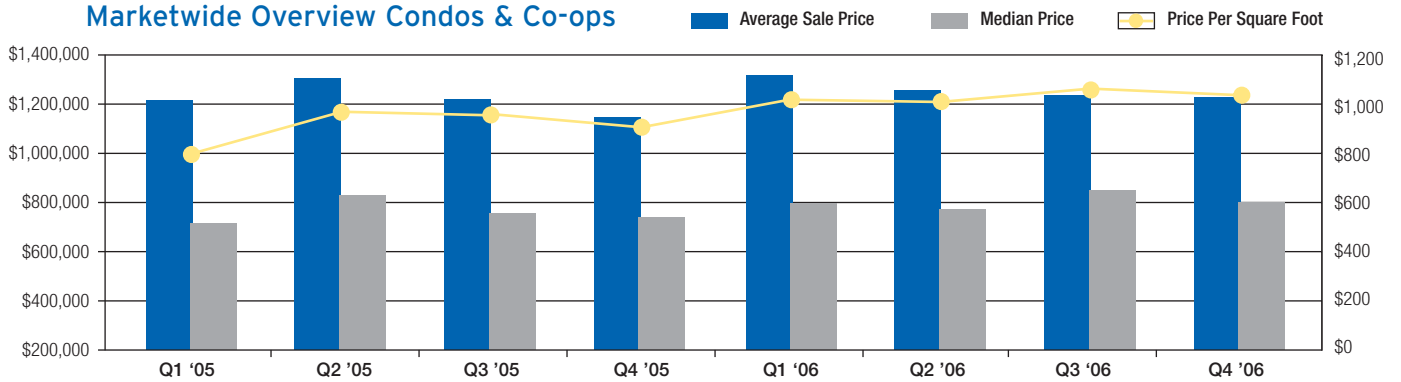
Pamela Liebman
Chief Executive Officer



manhattan market trends

The last two years have been busy ones for the Manhattan real estate market, with particularly intense competition in the first two quarters of 2006. Apartments averaged over \$1.3M in the first quarter, and so many properties sold at the high-end that the median was pushed to a record high price of \$849,000 in the third quarter. The average price per square foot for an apartment in all four quarters was above the \$1,000 mark with highs reaching upwards of \$1,047 in the third quarter. The general trajectory of apartment values has seen modest gains compared to the exuberant increases in the earlier part of the decade. 2006 finished the year 7% ahead of where 2005 began on a price per square foot basis.

Marketwide Overview Condos & Co-ops



market wide

The overall picture for Manhattan real estate for the Year End 2006 was mixed. While the median and price per square foot for co-ops improved by 5% and 10% respectively over Year End 2005, the condo market was impacted by sales weighted heavily towards smaller scale apartments, and thus show a decrease of 4% in median price but a 3% increase in price per square foot.

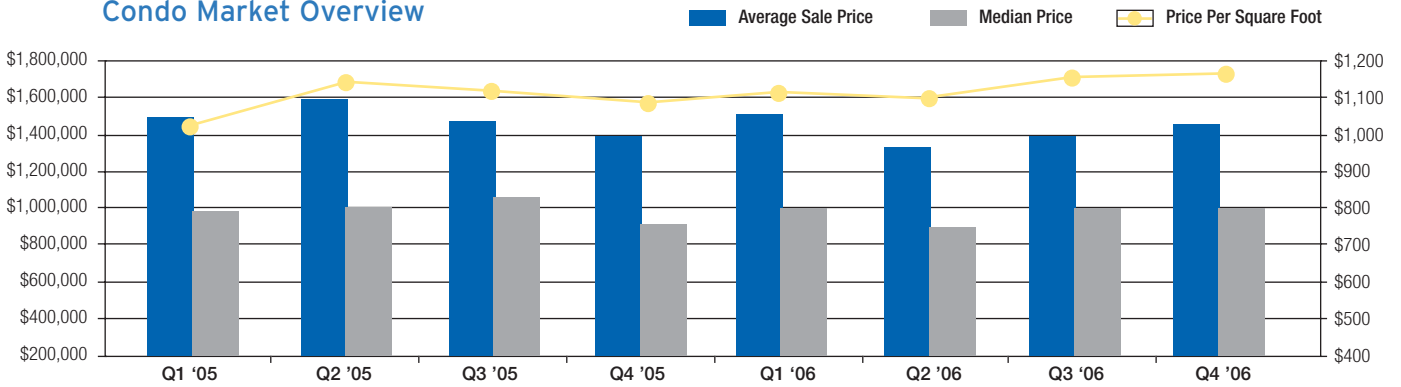
Co-ops	Average Sale Price	Median Price	Avg Price per sf	Studio		1 BR		2 BR		3+ BR	
				Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
2006	1109K	655K	892	364K	357K	617K	575K	1.305M	1.100M	3.465M	2.400M
Change	+11%	+5%	+10%	+6%	+7%	+7%	+7%	+11%	+11%	+15%	+2%
2005	998K	625K	814	345K	335K	579K	539K	1.175M	995K	3.018M	2.350M

Condos	Average Sale Price	Median Price	Avg Price per sf	Studio		1 BR		2 BR		3+ BR	
				Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
2006	1.379M	940K	1,123	539K	490K	846K	750K	1.557M	1.453M	3.430M	2.699M
Change	-8%	-4%	+3%	+8%	+9%	+5%	+7%	-1%	+4%	-4%	-2%
2005	1.503M	975K	1,093	499k	450K	802K	701K	1.566M	1.395M	3.573M	2.750M

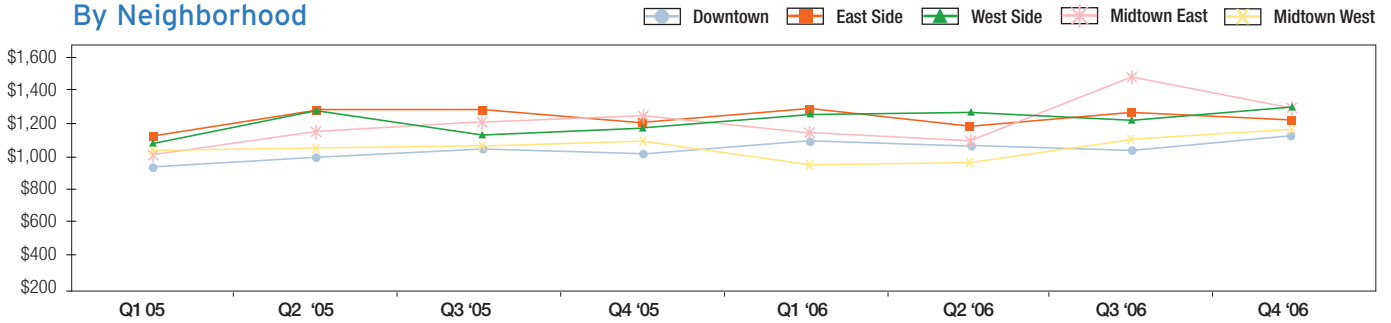
condos

In many ways, condominiums sales have been the major story of the decade. Desirable for the owner's autonomy and for the luxurious amenities being offered in the new project construction that has been coming on to the market over the last two years, the value of condominiums have risen steadily. Again, the first quarter of 2006 was the apex for condo prices as the average sale price reached an astounding \$1,514,000. Condos enjoyed a 21% increase in the number of sales compared to year end 2005.

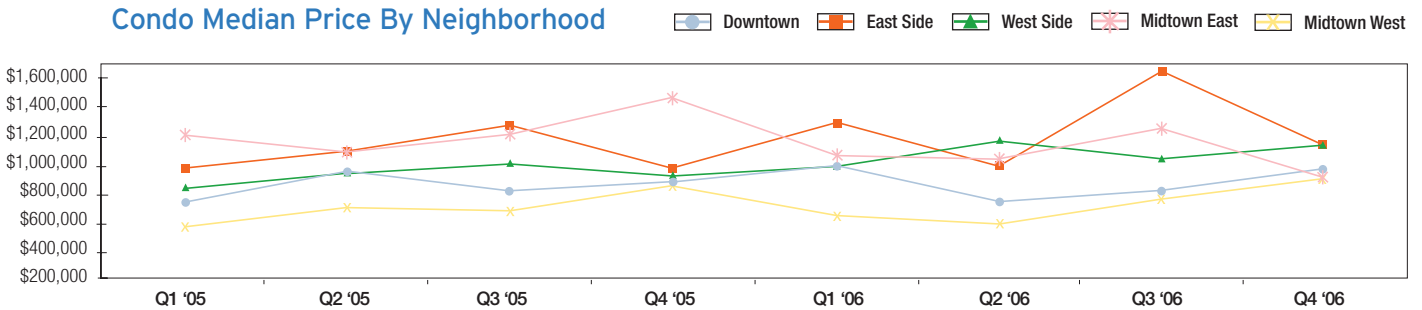
Condo Market Overview



Condo Price Per Square Foot By Neighborhood



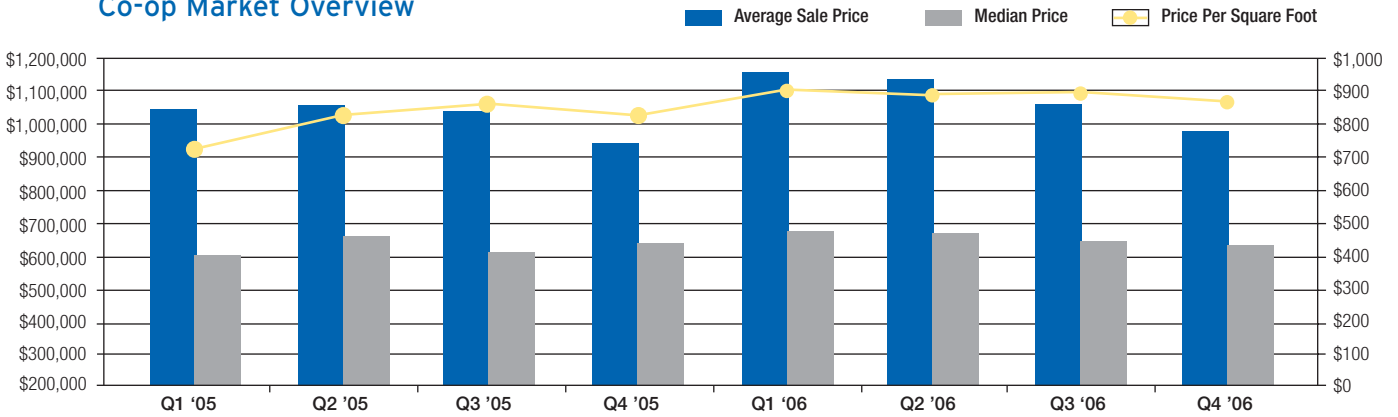
Condo Median Price By Neighborhood



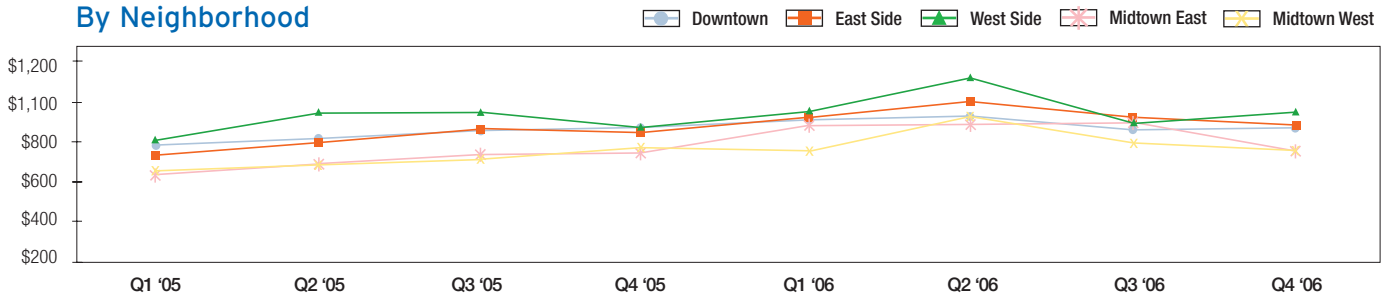
co-ops

Co-operative apartments, which tend to appreciate more slowly, have nevertheless seen modest gains as well with the median price up 5%. On a per square foot basis, meanwhile, co-operatives saw a significant increase of 10% compared to year end 2005. However, co-ops saw a decline of 5% in the number of sales compared to year end 2005.

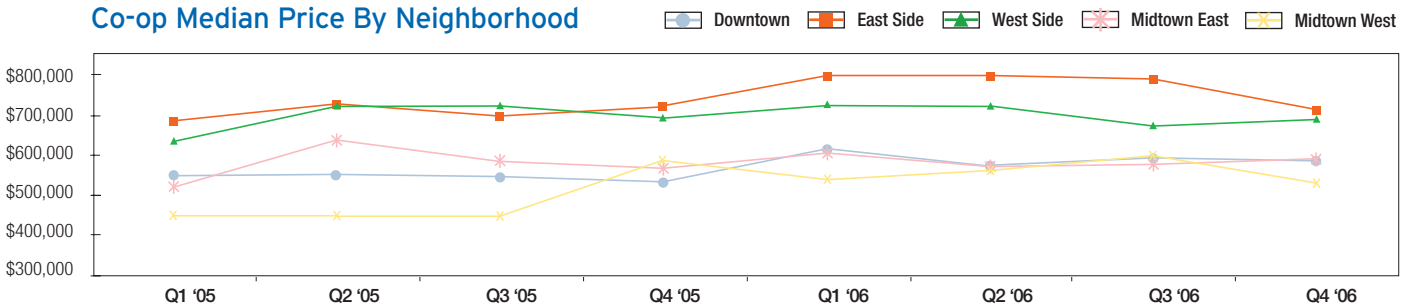
Co-op Market Overview



Co-op Price Per Square Foot By Neighborhood



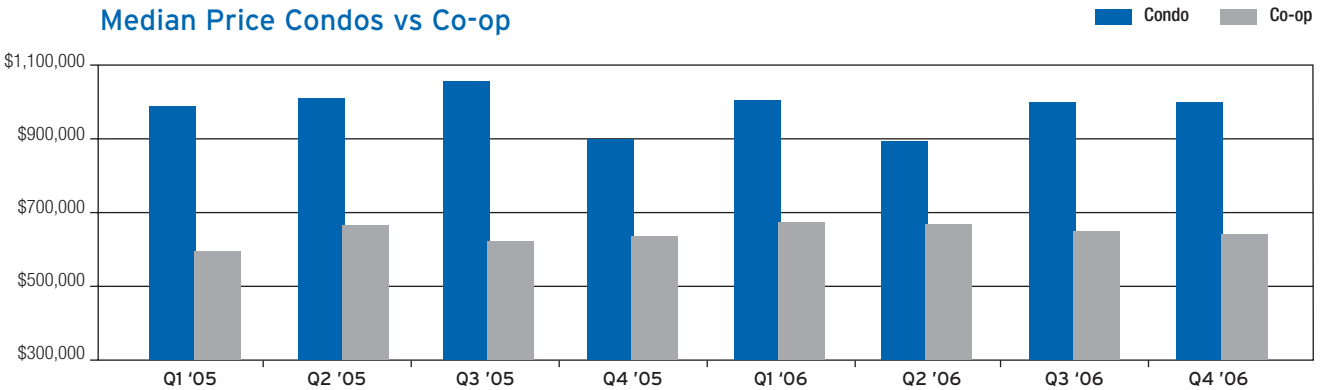
Co-op Median Price By Neighborhood



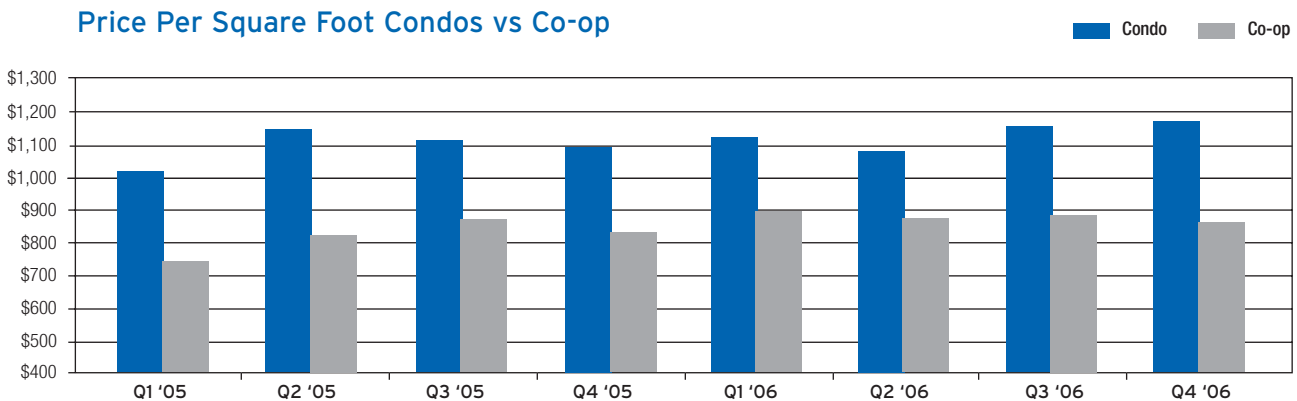
condos vs co-ops

A stark illustration of the impact of high-end sales and the desirability of luxury condos and new developments over the last two years is the comparison of price per square foot of condos versus co-ops. While the two ownership types have mirrored one another in the trajectory of their values, condominiums have been more expensive. Condos closed out the year at \$1,123 on a per square foot basis, a 3% increase compared to year end 2005. Co-ops closed out the year at \$892 on a per square foot basis, a 10% increase compared to year end 2005.

Median Price Condos vs Co-op

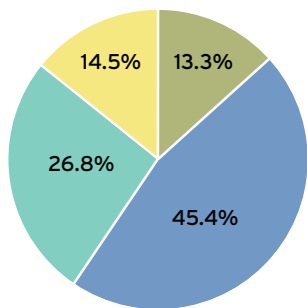


Price Per Square Foot Condos vs Co-op

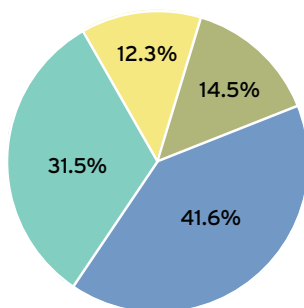


Further evidence of the appetite for condominiums among high-end buyers is the comparison of unit numbers sold by size category. Typically, one bedroom apartment sales account for the largest category in Manhattan and 2006 was no different in that regard. However, as more luxury new developments gear themselves to attract buyers at this end of the market, a greater proportion of condo sales are taking place in the three bedroom categories, as can be seen when compared to co-operative sales.

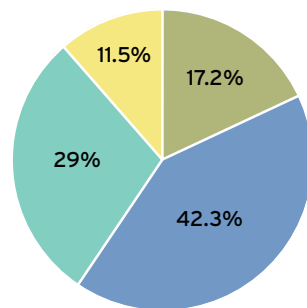
Number of Condo Units Sold by Size



Number of Units Sold Marketwide



Number of Co-op Units Sold by Size



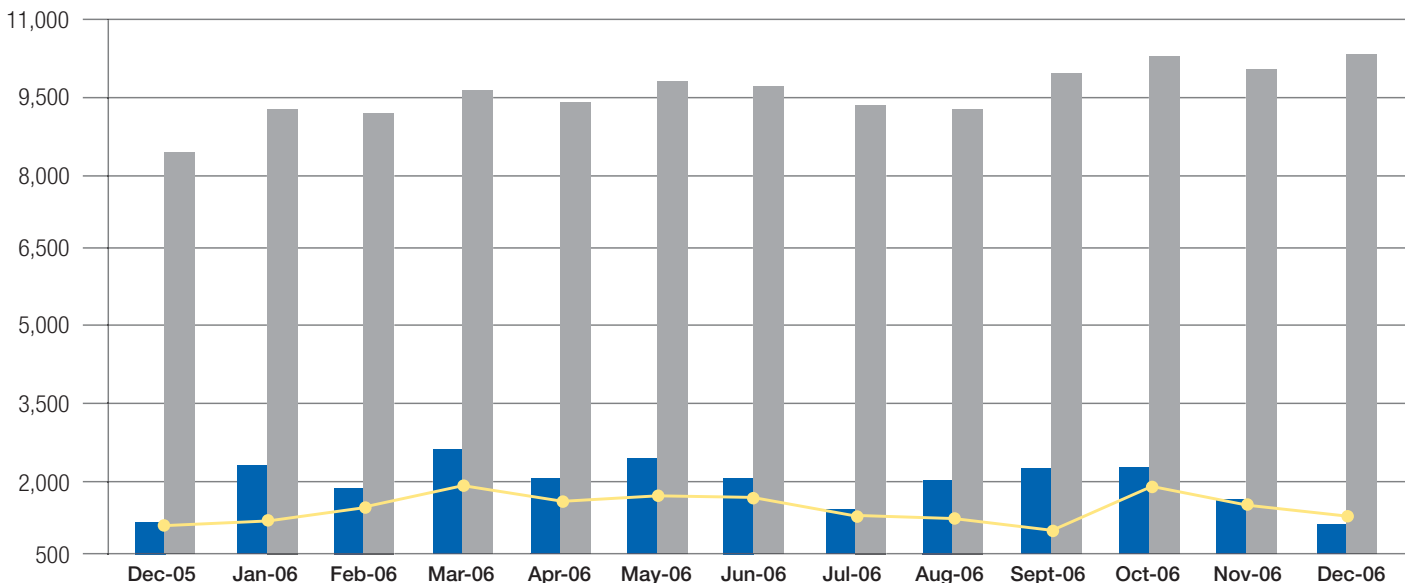
■ Studio ■ 1 Bedroom ■ 2 Bedroom ■ 3 Bedroom

supply and demand

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 slowly 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 negotiability in general.

Manhattan Absorption vs New & Total Listings

■ New Listings ■ Total Listings ● Absorbed Listings



luxury market

Manhattan's Luxury Market - comprised of the top ten percent of all co-op and condo sales - saw the average sale price decrease a modest 2% at \$4.430 million and price per square feet unchanged. Luxury condos slid 9% in average sale price whereas co-ops were up a very solid 10%. In 2006, a property had to sell for at least \$2.362 million to achieve this category.

Condos & Co-ops	Average Sale Price	Median	Price Per Square Foot	Condos	Average Price	Median	Price Per Square Foot
	2006	4.430M	3.300M		1,692	2006	4.115M
Change	-2%	-3%	0%	Change	-9%	-8%	-2%
2005	4.504M	3.400M	1690	2005	4.513M	3.400M	1,731

Co-ops	Average Price	Median	Price Per Square Foot
	2006	4.928M	3.650M
Change	+10%	+5%	+8%
2005	4.488M	3.463M	1,560

townhouses

Townhouses remain some of the most cherished and exciting residential properties in the city and the sale of one or two significant trophy properties has the power to shift the averages markedly. The East Side saw a robust average price increase of 31% thanks in part to the sale of a fin-de-siècle neo-French Renaissance home which sold for \$53M. The West Side enjoys more variety in townhouse prices, as many of its sales take place north of 96th Street; average sale prices were up by 29%. Prices downtown were also up a substantial 29%.

Townhouses	East Side Average Price	Median	West Side Average Price	Median	Downtown Average Price	Median
	2006	9.775M	5.500M	5.310M	4.500M	5.904M
Change	+31%	-4%	+29%	+25%	+29%	+18%
2005	7.471M	5.700M	4.117M	3.600M	4.580M	3.800M

prewar or postwar?

One of the most readily discussed aspects of apartment living in Manhattan is whether the building predates World War II (and thus is “prewar”) or not (“postwar”). The division is not only historical but aesthetic since buildings constructed after World War II depend heavily upon Modernism and Post-Modernism in their architecture and design. There are a whole host of differences that typify the pre/post categories, both on the exterior and indoors. For example, postwar buildings usually leave behind much of the ornate brick and stone work that typified previous residential construction in favor of steel and glass.

Ultimately, the difference is one of taste; in either category, you find that some properties just age gracefully. Structures that pre-date World War II encapsulate a unique aspect of Manhattan living, blending the unique style and social cache of having a home in buildings with an historic quality. Postwar buildings speak to the new face of America and an international style of urban living that is also being re-defined in stunning new ways by an exciting generation of creative minds that the media recently have dubbed “starchitects.”

prewar vs. postwar co-ops

In 2006, prewar co-ops did better than the general co-op market (by 19% on a price per square foot basis). Postwar coops on the other hand had a 34% decrease compared to market wide coops primarily due to the decrease in average sale price for 3+ bedroom category. 3+ bedrooms had a 47% decrease in average sale price.

Co-ops		Average Sale Price	Median Price	Avg Price per sf	Studio		1 BR		2 BR		3+ BR	
					Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
Co-ops	Prewar	1.127M	650K	1,062	351K	325K	600K	549K	1.355M	1.148M	3.708M	2.320M
	Difference	+2%	-1%	+19%	-4%	-9%	-3%	-5%	+4%	+4%	+7%	-3%
	Market Wide	1.109M	655K	892	364K	357K	617K	575K	1.305M	1.100M	3.465M	2.400M

Co-ops		Average Sale Price	Median Price	Avg Price per sf	Studio		1 BR		2 BR		3+ BR	
					Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
Co-ops	Postwar	732K	595K	821	380K	375K	592K	575K	1.081M	985K	1.853M	1.714M
	Difference	-34%	-9%	-8%	+4%	+5%	-4%	0%	-17%	-10%	-47%	-29%
	Market Wide	1.109M	655K	892	364K	357K	617K	575K	1.305M	1.100M	3.465M	2.400M

prewar vs. postwar condos

Prewar condos average sale price decreased 7% compared to market wide condos due to the 3+ bedroom category decreasing 16% in average sale price. Price per square foot remained the same. Postwar condos increased a modest 2% but price per square foot rose 16% thanks to the increasing number and growing value of exciting new condo properties that have been coming to market over the last few years. 3+ bedroom apartments showed the greatest gains at 13%.

Condos		Average Sale Price	Median Price	Avg Price per sf	Studio		1 BR		2 BR		3+ BR	
					Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
Condos	Prewar	1.288M	901K	1,120	523K	488K	947K	762K	1.557M	1.445M	2.877M	2.650M
	Difference	-7%	-4%	0%	-3%	0%	+12%	+2%	0%	-1%	-16%	-2%
	Market Wide	1.379M	940K	1,123	539K	490K	846K	750K	1.557M	1.453M	3.430M	2.699M

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					Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
Condos	Postwar	1.408M	899K	1,303	530K	500K	810K	727K	1.624M	1.428M	3.867M	2.950M
	Difference	+2%	-4%	+16%	-2%	+2%	-4%	-3%	+4%	-2%	+13%	+9%
	Market Wide	1.379M	940K	1,123	539K	490K	846K	750K	1.557M	1.453M	3.430M	2.699M

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