

New York City Income Property Market Report First Half 2008

Prepared By:

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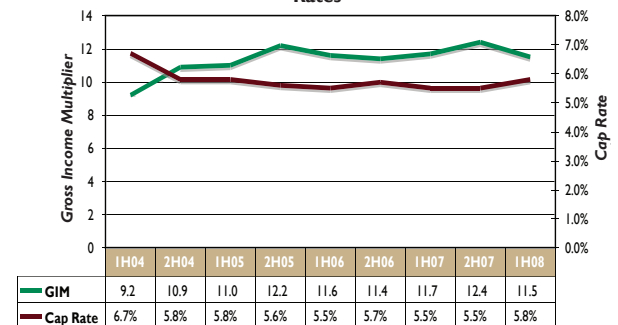
| | Manhattan | Northern Manhattan | Bronx | Brooklyn | Queens |
|-------------------------------|-----------|--------------------|-------|----------|--------|
| WALK-UP APARTMENT (C) | | | | | |
| CAP RATE | 4.8% | 6.1% | 7.4% | 6.6% | 6.2% |
| GIM | 14.6 | 10.5 | 7.3 | 9.7 | 11.4 |
| PRICE/SF | \$599 | \$211 | \$99 | \$181 | \$204 |
| NO. OF SALES | 84 | 59 | 108 | 340 | 161 |
| ELEVATOR APARTMENT (D) | | | | | |
| CAP RATE | 3.8% | 5.0% | 7.3% | 5.5% | 4.5%* |
| GIM | 15.4 | 11.6 | 7.8 | 9.3 | 11.5 |
| PRICE/SF | \$532 | \$149 | \$73 | \$108 | \$190 |
| NO. OF SALES | 26 | 14 | 39 | 36 | 6 |
| MIXED-USE (K/S) | | | | | |
| CAP RATE | 4.8% | NA | NA | 6.6% | 7.0% |
| GIM | 17.0 | NA | NA | 10.5 | 10.5 |
| PRICE/SF | \$1,135 | \$306 | \$235 | \$262 | \$298 |
| NO. OF SALES | 85 | 5 | 48 | 248 | 150 |

Incorporating only closed sales from the first six months of 2008, this report reflects the impact of the “credit crunch” that began late in 2007. The total number of sales in the first half of 2008 was down 31% from the same period last year (and down 18% from the prior six month period). The biggest declines were realized in Northern Manhattan, which saw a decline of 63%, and in the Bronx, which declined 42%. The number of Manhattan sales declined by 36%. Queens and Brooklyn were the most stable, with more moderate declines of 18% and 22%, respectively. The turnover rate during this period was 1.1%, down from 1.4% during the second half of 2007.

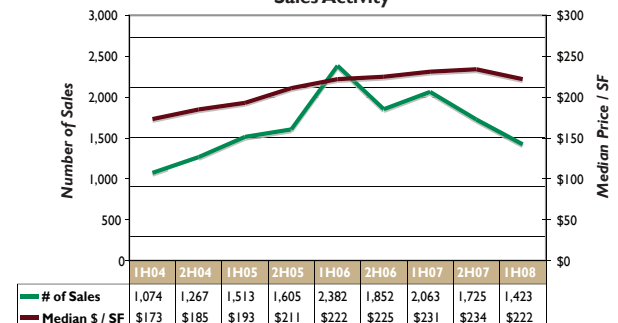
Though underwriting may be more conservative, this decline in sales volume is a function of lack of inventory, rather than lack of demand. The underlying rental market remains strong and investors continue to be interested in such property, but supply is constrained.

The consolidated median price per square foot across markets declined to \$222, down 5% from the prior six month period. Similarly, the median cap rate (across all sectors) inched up slightly to 5.8% from 5.5% the prior period, while the median GIM slipped from 12.4 to 11.5. These indices are market-wide; some sectors, like Manhattan, Brooklyn and Queens, showed stable pricing, while declines were evident in Northern Manhattan and the Bronx. This appears to reflect the “flight to quality” that typically occurs during periods of uncertain market conditions.

Consolidated-All Markets Rates



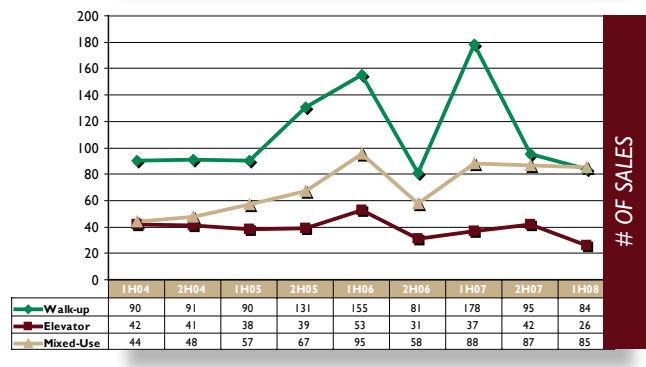
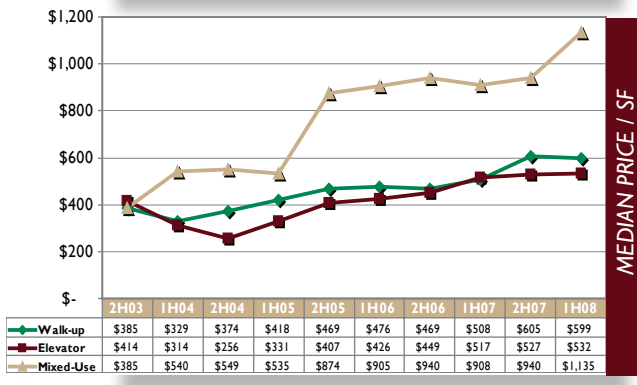
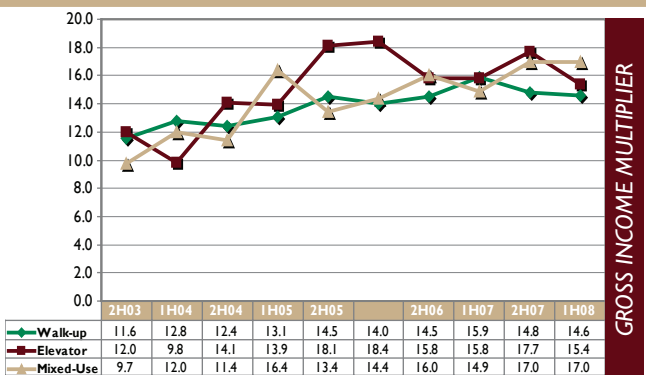
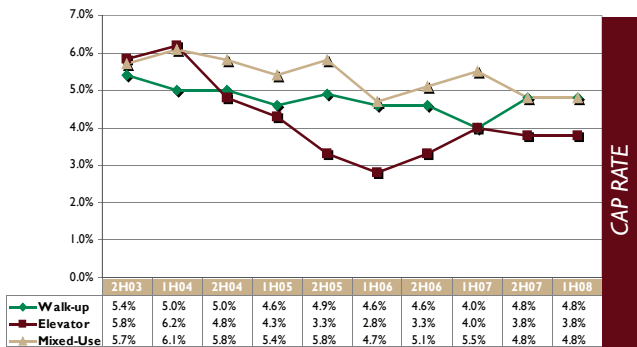
Consolidated-All Markets Sales Activity





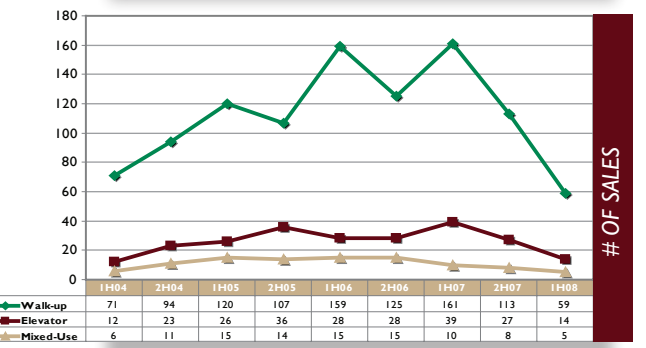
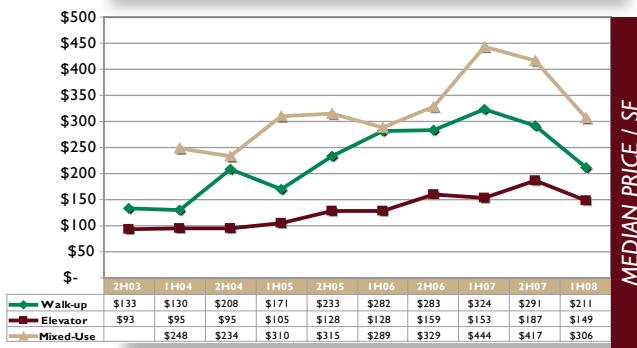
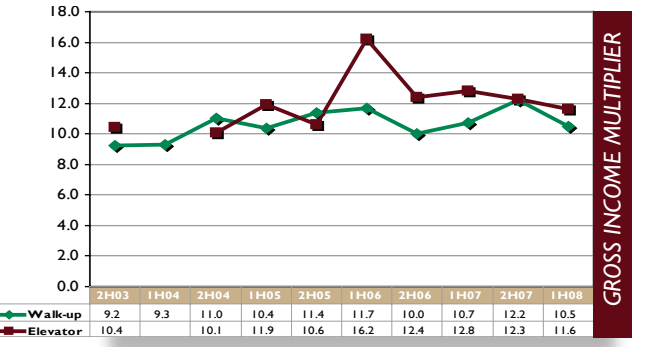
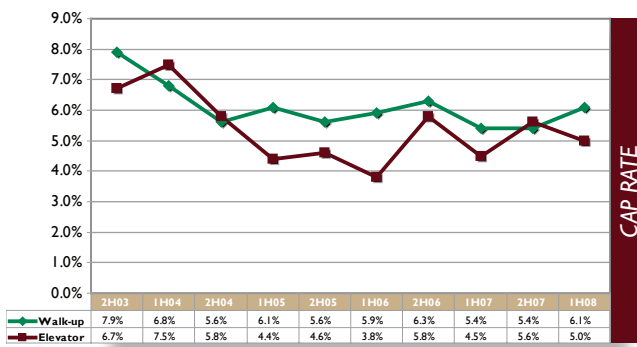
MANHATTAN

Values stable; number of sales down 36% over the past year.



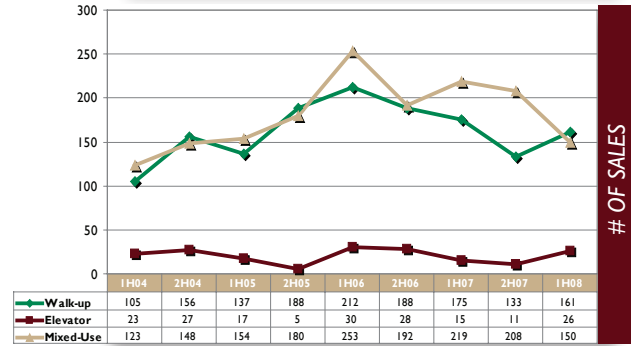
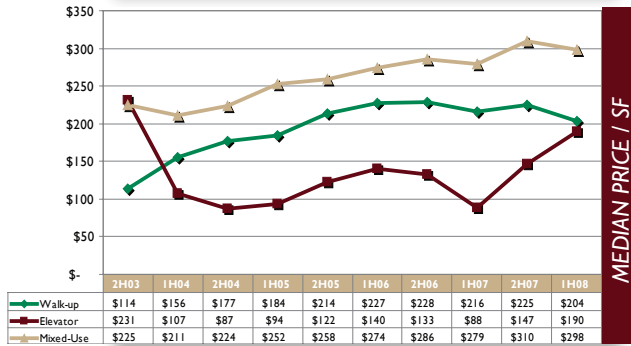
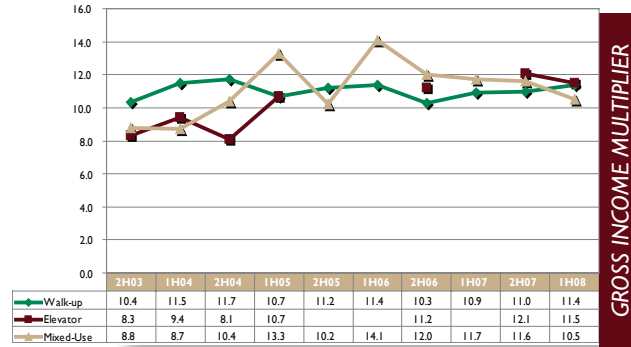
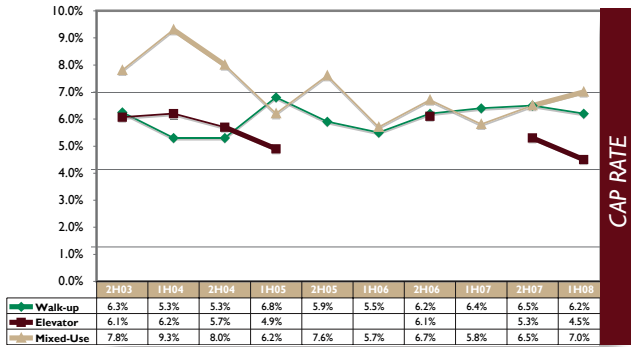
NORTHERN MANHATTAN

Steep drop in number of sales; values begin to slide.



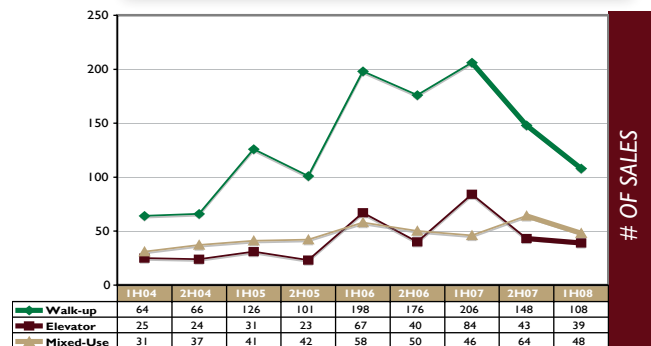
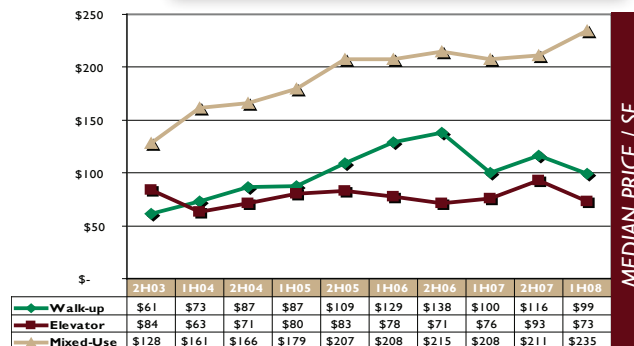
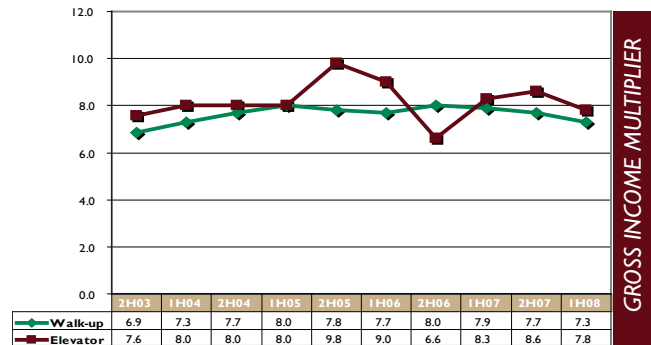
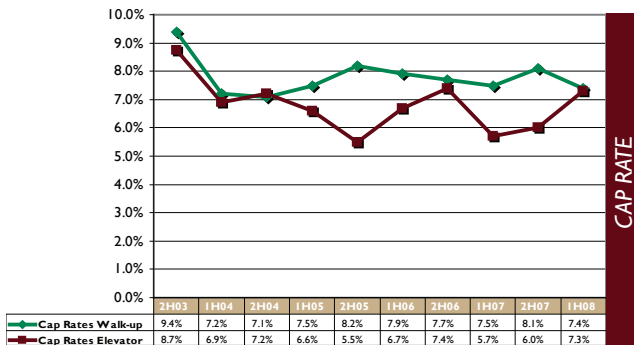
QUEENS

Lowest sales decline and stable values; increase in elevator building activity and values due to a single portfolio sale.



THE BRONX

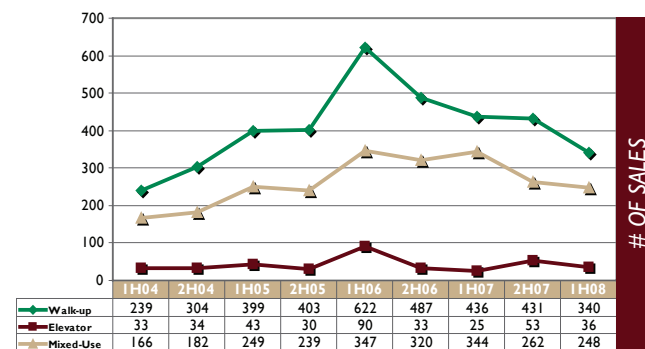
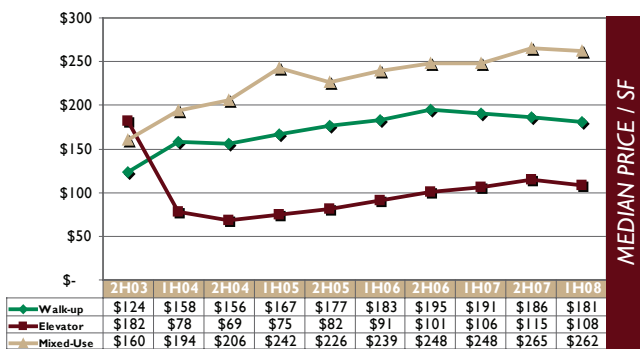
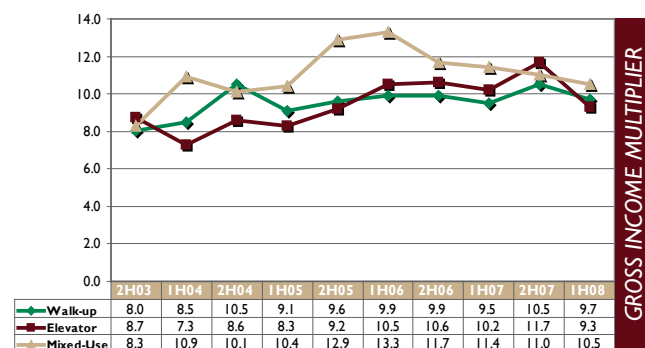
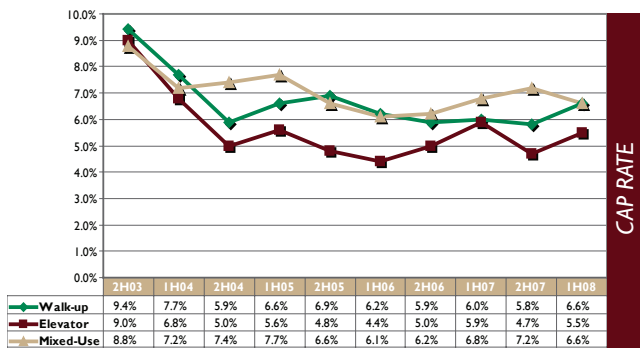
Number of sales and values decline as cautious investors seek more traditional markets.





BROOKLYN

Even with a 22% decline in sales, Brooklyn remains the most active sales market; Values stable.



METHODOLOGY

Cap rates and Gross Income Multipliers are based on sales researched by Miller Cicero, LLC in addition to properties sold by Massey Knakal Realty Services, and represent a reasonable sampling of all sales. Median price per square foot and the number of sales were based on all closed sales in the public record over \$500K, as reported by Property Shark (www.propertyshark.com)

Walk-up buildings are designated "C" class by the city of New York (excluding C0, three-families), elevator apartment buildings are designated "D" class, and mixed-use buildings consist of both "K" and "S" classes.

Northern Manhattan consists of zip codes: 10026, 10027, 10029, 10030, 10031, 10032, 10033, 10034, 10035, 10037, 10039, 10040. This reflects the area north of East 96th Street, Central Park, and West 114th Street.

For additional information contact John Cicero, MAI, CRE, FRICS
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Cap rate: Net operating income (NOI) divided by the sales price.

Gross income Multiplier: (GIM) Sales price divided by potential gross income.

Median price per square foot: Sales prices divided by gross building area above grade, as reported in the public record.

Number of sales: Sales closed during the period.

Turnover rate: Number of sales divided by total inventory.



Sales Reported By:

