

the **Black & White** report

Year-End 2009

A Comprehensive Analysis of the **2009**
Manhattan Residential Real Estate Market

CitiHabitats
MORE BROKER PER SQ FT



the Black & White report

Year-End 2009

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EXECUTIVE SUMMARY



Citi Habitats is pleased to present the 2009 Year End Black & White Report, our annual, in-depth analysis of the Manhattan residential real estate market. Long time readers may notice some format changes this year. 2009 was not your typical year for the real estate industry, and this year-end report reflects these unique times.

As we entered 2009 with rising unemployment and economic turmoil, many pundits were predicting an exodus from Manhattan. However, even experts sometimes forget that the real estate market is cyclical. Despite some challenging times, this alarmist scenario never took place. Our 2009 results prove that New York is truly the city that never sleeps, as the Manhattan real estate market adjusted itself quickly, and averted the hardships experienced by much of the United States.

While people with properties for sale can sometimes afford to take a "wait and see" approach during a market downturn, the rental market must react to changing conditions very quickly. Vacancies are what a landlord fears most, and throughout the city, property owners began to offer price reductions and incentives to spur activity. These incentives took the form of free rent for a specific period, or owner-paid broker commissions. As a result, Manhattan suddenly became more affordable. Renters took notice of the values available, and each month of 2009 saw a tremendous number of leases being signed. As a result, the vacancy rate slowly, but surely, began to decline.

Average rents have maintained relatively stable after the initial decline, and for some apartment categories they are beginning to climb slightly. This trend signifies that the market has become more balanced between the landlord and tenant, and the days of lavish incentives may be numbered.

Right now is still a great time to be in the market for a new home. Due to the breadth and scope of information available online, the real estate market has become more transparent. Consumers are better informed about what constitutes a fair price for their new home. As a result, the vast majority of properties on the market are priced fairly, and shoppers may be surprised at the values available. Our website, www.citi-habitats.com, is our way of helping create more informed consumers. With over 900,000 web visits per month, we are a leading resource for home seekers in New York City.

I am happy to say that despite the market turmoil, 2009 was a year of record breaking success for Citi Habitats. We rented over 12,950 apartments over the twelve month period, the largest number in our Company's history. We attribute this success to the tenacity and creativity of our team of over 700 agents. Our development marketing group, CHMG, brought over 1,700 units to market in 2009 and is poised to launch several extraordinary properties, totaling approximately 1,000 units, in the coming months.

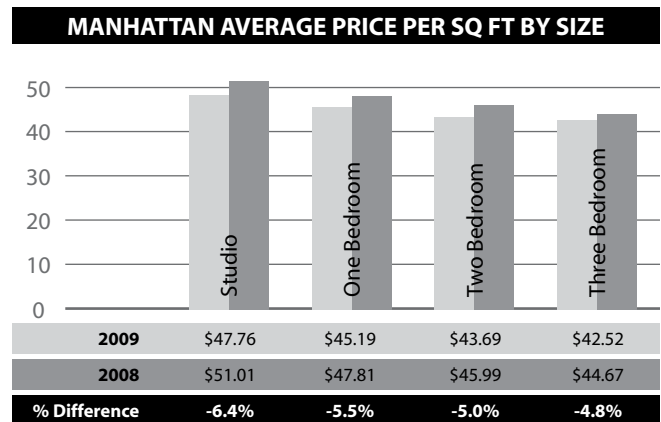
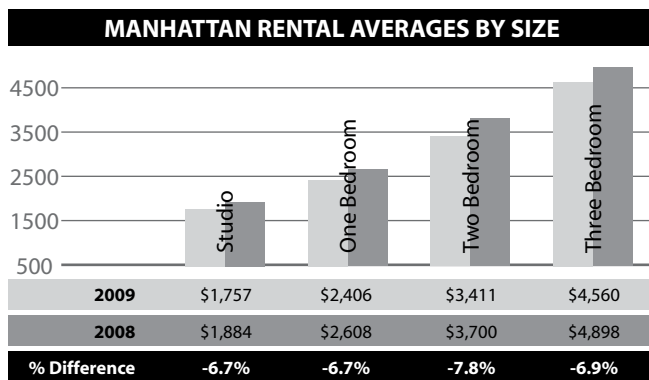
We are proud of our success in 2009, and also of the hard work that went into the creation of the 2009 Year-End Black & White Report. We expect you'll find it to be a valuable resource, and hope you walk away with a better understanding of the complex New York real estate market.

A handwritten signature in black ink, appearing to read "Gary Malin". The signature is fluid and cursive.

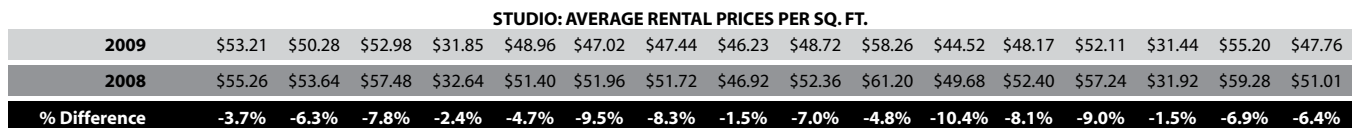
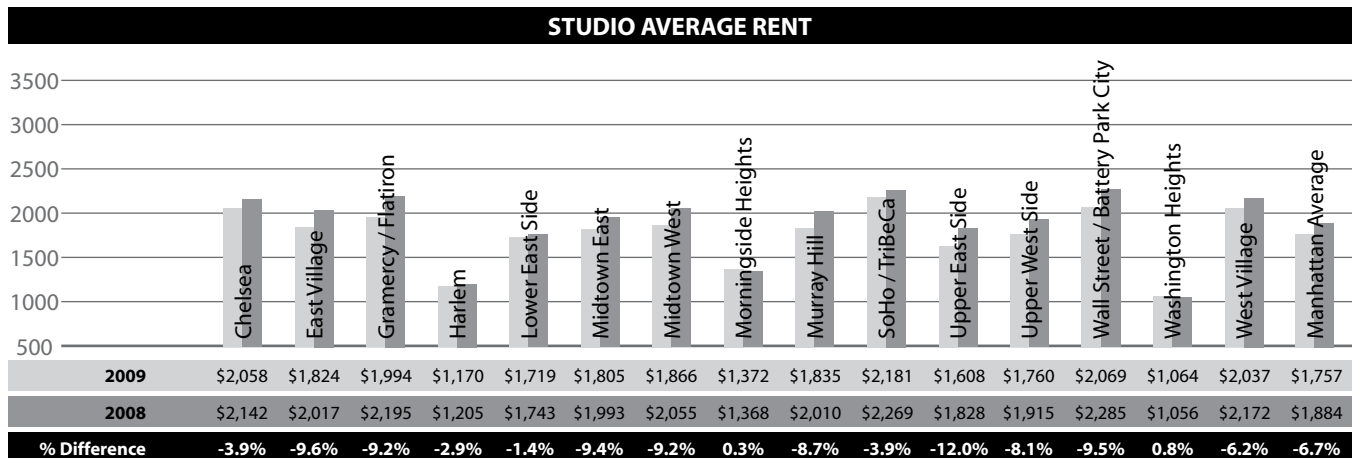
Gary Malin
President of Citi Habitats

Overall Rental Averages

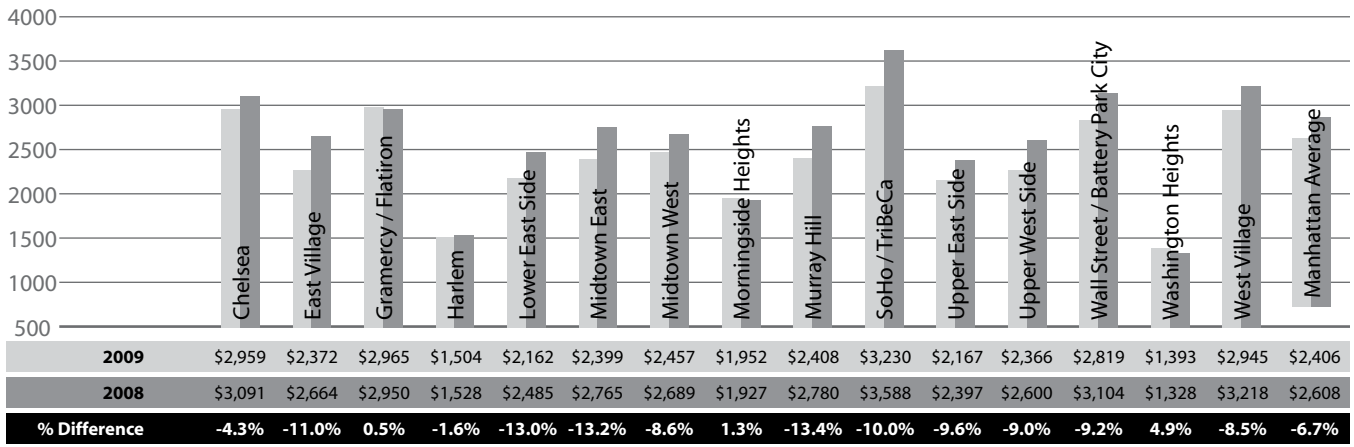
- As a result of turmoil in the U.S. economy, rents in Manhattan adjusted downward in 2009.
- The strength of the Manhattan rental market was evident when comparing it to other sectors of the U.S. economy.
- The charts below indicate there was only a 6-7% correction in price across all apartment categories.
- There were neighborhoods that experienced as high as an 8.1% increase in price for certain 2 bedrooms, while others showed up to a 15.9% decrease in price for 2 bedroom apartments. It is important to remember that in Manhattan neighborhoods, there are a myriad of "sub-locations" which affect the overall price average in that neighborhood.



Source: All Citi Habitats transactions from January-December 2009



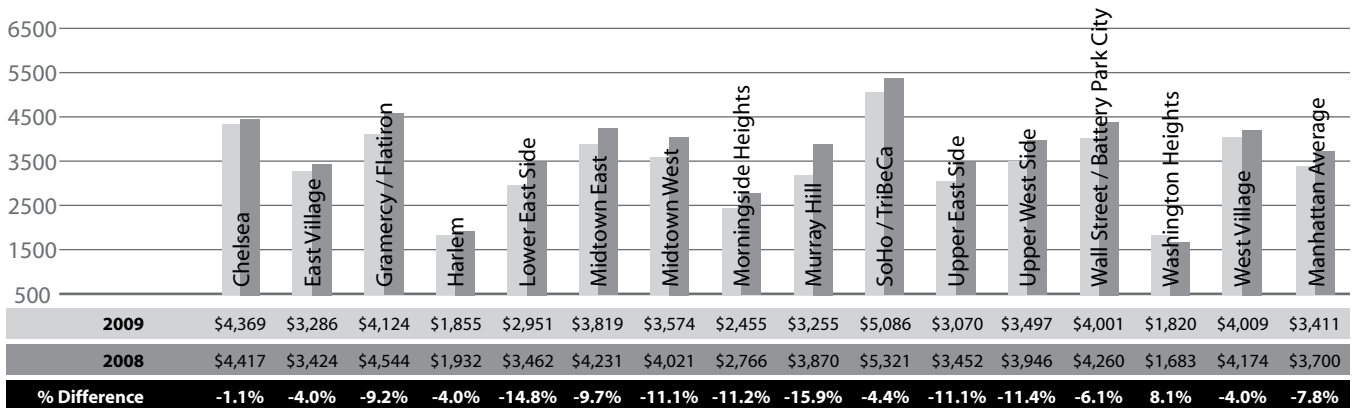
ONE BEDROOM AVERAGE RENT



ONE BEDROOM: AVERAGE RENTAL PRICES PER SQ. FT.

2009	\$53.13	\$48.88	\$53.20	\$29.48	\$46.36	\$45.52	\$46.32	\$36.48	\$46.80	\$57.56	\$43.16	\$44.80	\$47.04	\$26.52	\$52.56	\$45.19
2008	\$55.24	\$51.12	\$54.48	\$29.76	\$47.20	\$51.20	\$51.08	\$35.48	\$51.36	\$60.80	\$46.32	\$47.88	\$53.16	\$25.68	\$56.44	\$47.81
% Difference	-3.8%	-4.4%	-2.3%	-0.9%	-1.8%	-11.1%	-9.3%	2.8%	-8.9%	-5.3%	-6.8%	-6.4%	-11.5%	3.3%	-6.9%	-5.5%

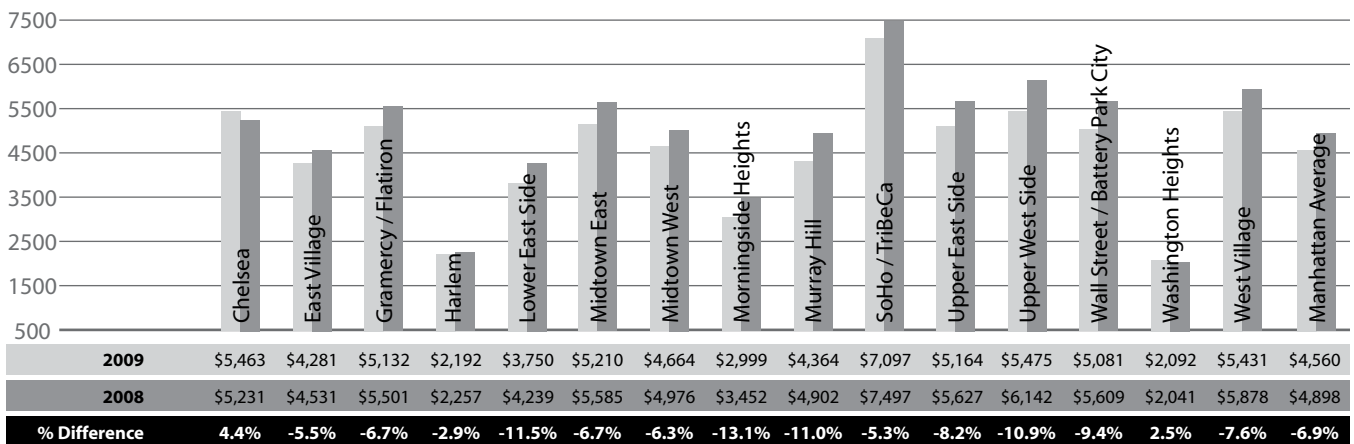
TWO BEDROOM AVERAGE RENT



TWO BEDROOM: AVERAGE RENTAL PRICES PER SQ. FT.

2009	\$52.28	\$47.92	\$51.80	\$25.80	\$44.00	\$44.68	\$45.68	\$32.32	\$44.76	\$55.84	\$42.32	\$43.84	\$47.24	\$24.00	\$52.84	\$43.69
2008	\$53.48	\$49.28	\$53.60	\$26.68	\$45.44	\$50.00	\$49.60	\$34.84	\$48.96	\$57.12	\$46.64	\$46.80	\$50.52	\$22.12	\$54.72	\$45.99
% Difference	-2.2%	-2.8%	-3.4%	-3.3%	-3.2%	-10.6%	-7.9%	-7.2%	-8.6%	-2.2%	-9.3%	-6.3%	-6.5%	8.5%	-3.4%	-5.0%

THREE BEDROOM AVERAGE RENT

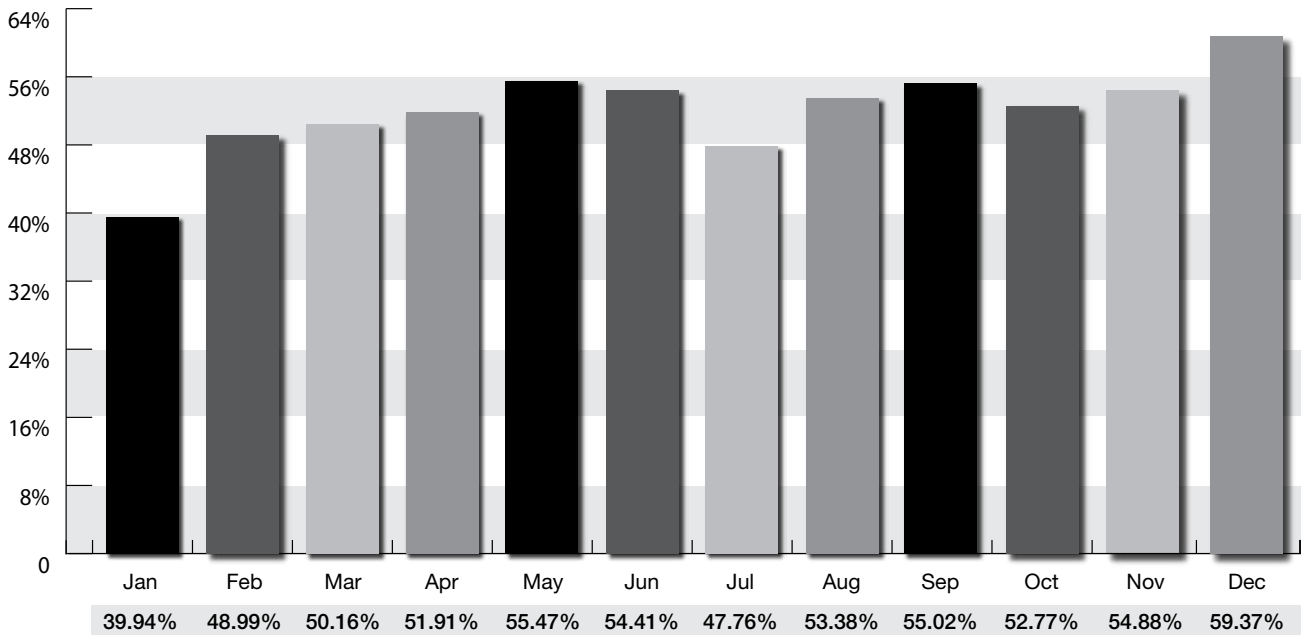


THREE BEDROOM: AVERAGE RENTAL PRICES PER SQ. FT.

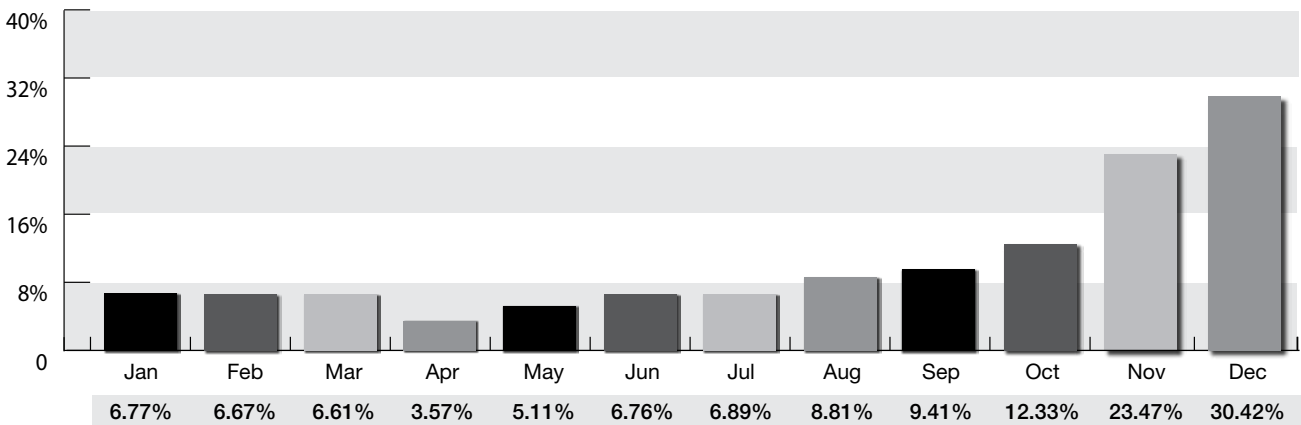
2009	\$51.64	\$45.64	\$50.96	\$25.04	\$42.04	\$44.44	\$44.32	\$31.80	\$42.56	\$54.40	\$41.76	\$42.44	\$45.96	\$23.06	\$51.76	\$42.52
2008	\$53.84	\$46.20	\$53.40	\$26.16	\$43.88	\$46.88	\$45.48	\$33.72	\$44.60	\$57.84	\$44.48	\$46.87	\$50.32	\$22.44	\$53.96	\$44.67
% Difference	-4.1%	-1.2%	-4.6%	-4.3%	-4.2%	-5.2%	-2.6%	-5.7%	-4.6%	-5.9%	-6.1%	-9.5%	-8.7%	2.8%	-4.1%	-4.8%

Deals with Owner Paid Incentives

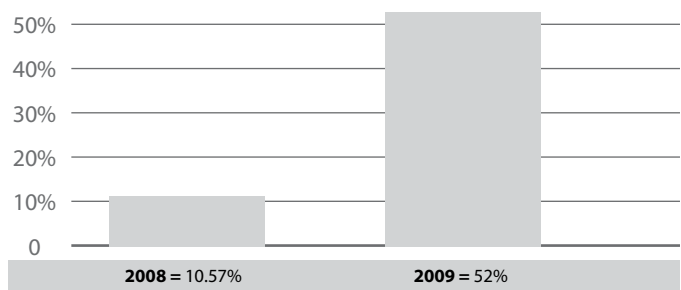
JANUARY – DECEMBER 2009



JANUARY – DECEMBER 2008



OVERALL 2009 VS 2008

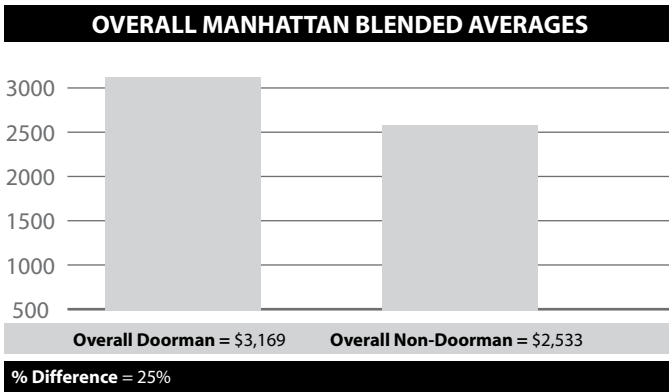


% Difference = 42%

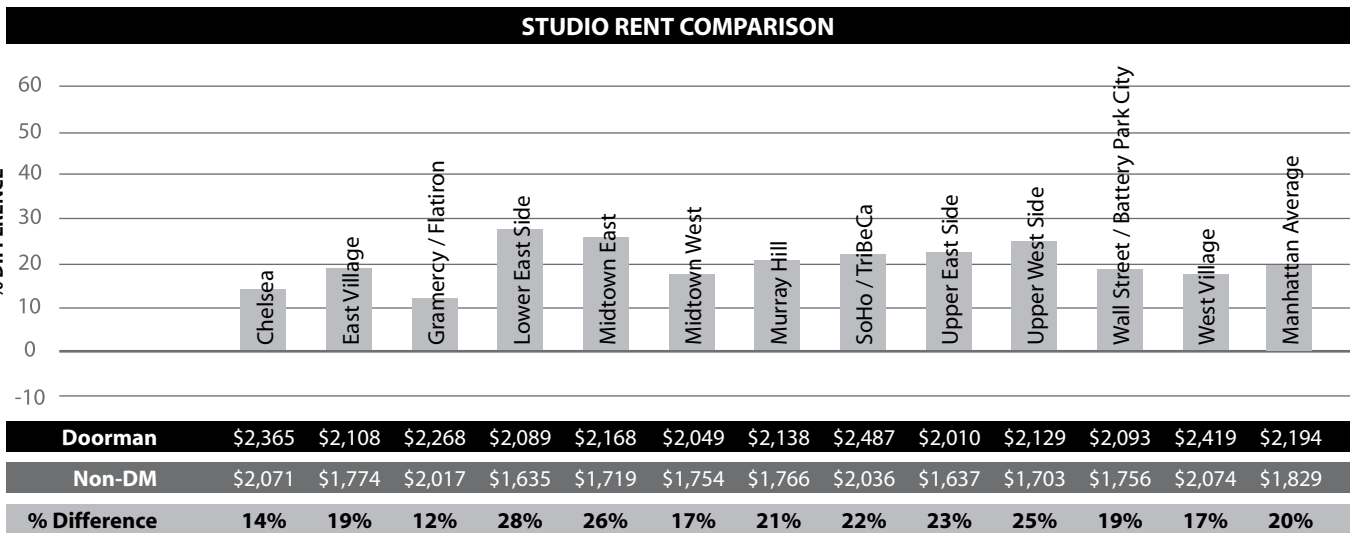
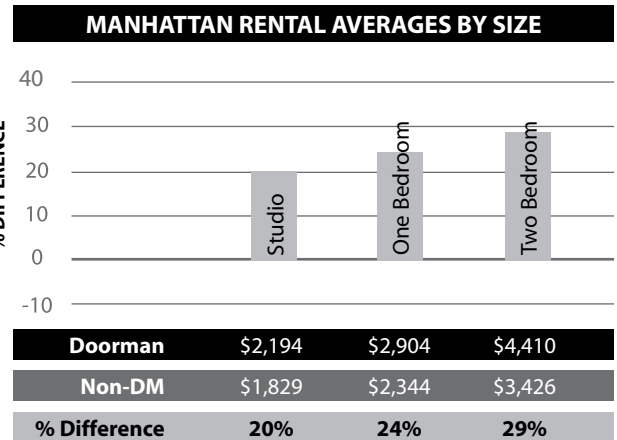
Source: All Citi Habitats transactions from January-December 2009.

Doorman vs. Non-Doorman Rental Comparison

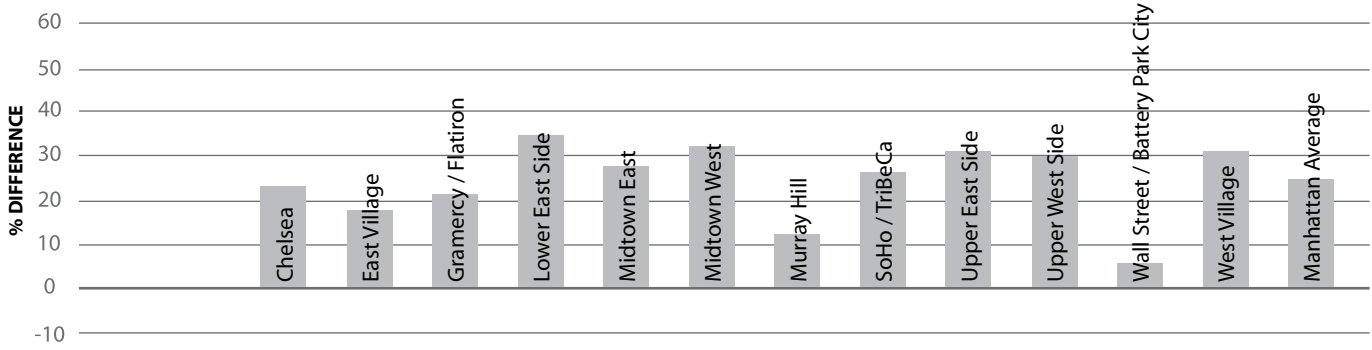
- In Manhattan, the average price of an apartment in a non-doorman building is \$2,533, compared to \$3,169 for a doorman building.
- Across all apartment categories, doorman buildings carry a 25% premium.
- There is only a 4-5% increase between a studio to a one bedroom and from a one bedroom to a two bedroom.



Source: All Citi Habitats transactions from January-December 2009

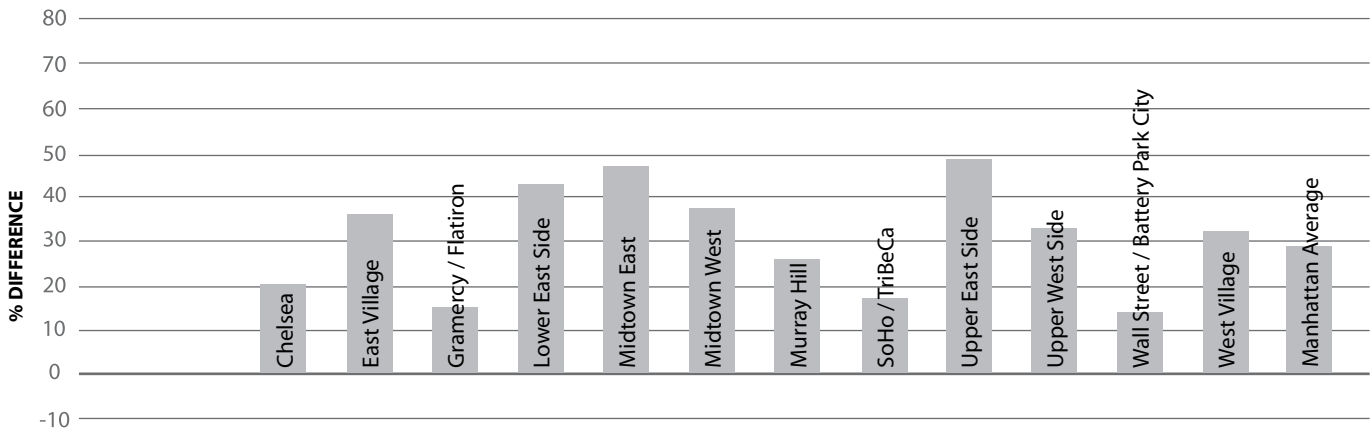


ONE BEDROOM RENT COMPARISON



Doorman	\$3,196	\$2,759	\$3,029	\$2,832	\$2,679	\$2,761	\$2,715	\$3,367	\$2,576	\$2,875	\$2,710	\$3,349	\$2,904
Non-DM	\$2,588	\$2,344	\$2,502	\$2,106	\$2,098	\$2,085	\$2,411	\$2,671	\$1,961	\$2,215	\$2,580	\$2,563	\$2,344
% Difference	23%	18%	21%	34%	28%	32%	13%	26%	31%	30%	5%	31%	24%

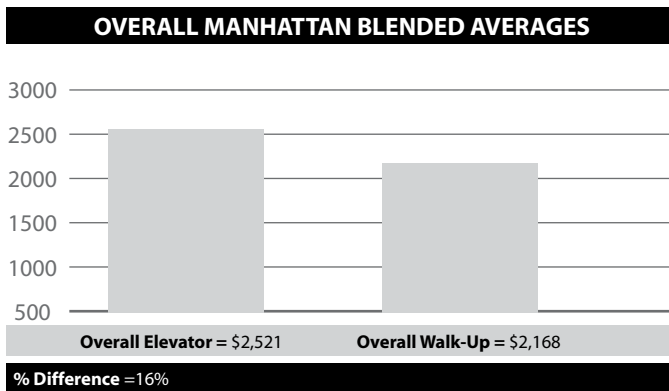
TWO BEDROOM RENT COMPARISON



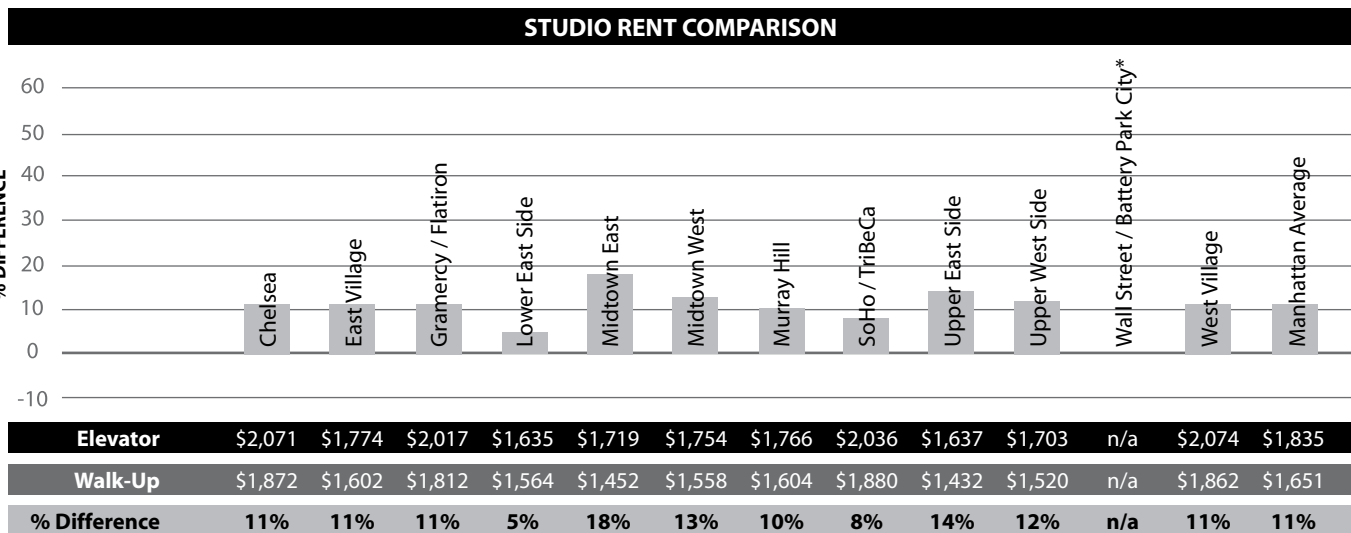
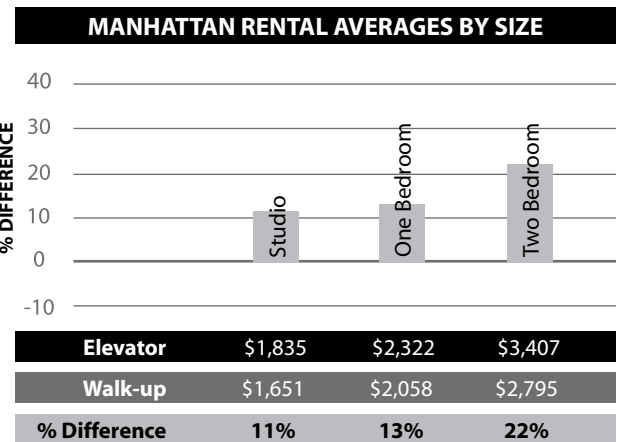
Doorman	\$5,073	\$4,127	\$4,809	\$4,113	\$3,978	\$4,070	\$3,832	\$5,577	\$3,883	\$4,123	\$4,146	\$5,187	\$4,410
Non-DM	\$4,237	\$3,024	\$4,191	\$2,871	\$2,715	\$2,978	\$3,037	\$4,776	\$2,608	\$3,095	\$3,635	\$3,944	\$3,426
% Difference	20%	36%	15%	43%	47%	37%	26%	17%	49%	33%	14%	32%	29%

Elevator vs. Walkup Rental Comparison

- In Manhattan, the average price of an apartment in an elevator building is \$2,521, compared to \$2,168 in a walkup building.
- Across all apartment categories, elevator buildings carry a 16% premium.
- When looking closer at that 16%, there is a 2% difference between studios and one bedrooms, and a 9% difference between one bedrooms and two bedrooms.

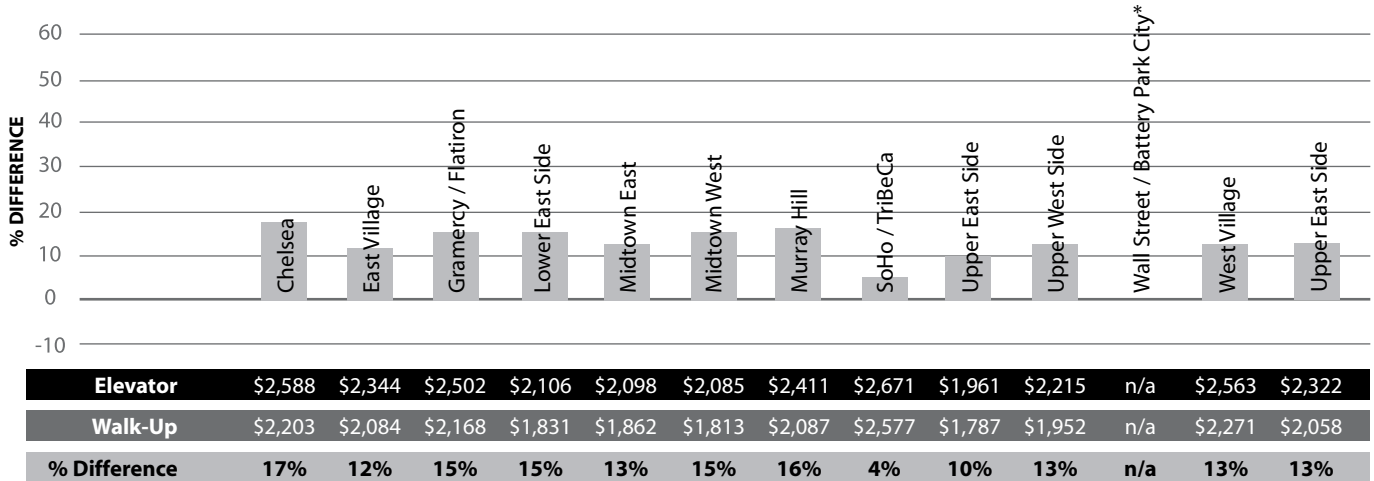


Source: All Citi Habitats transactions from January-December 2009.



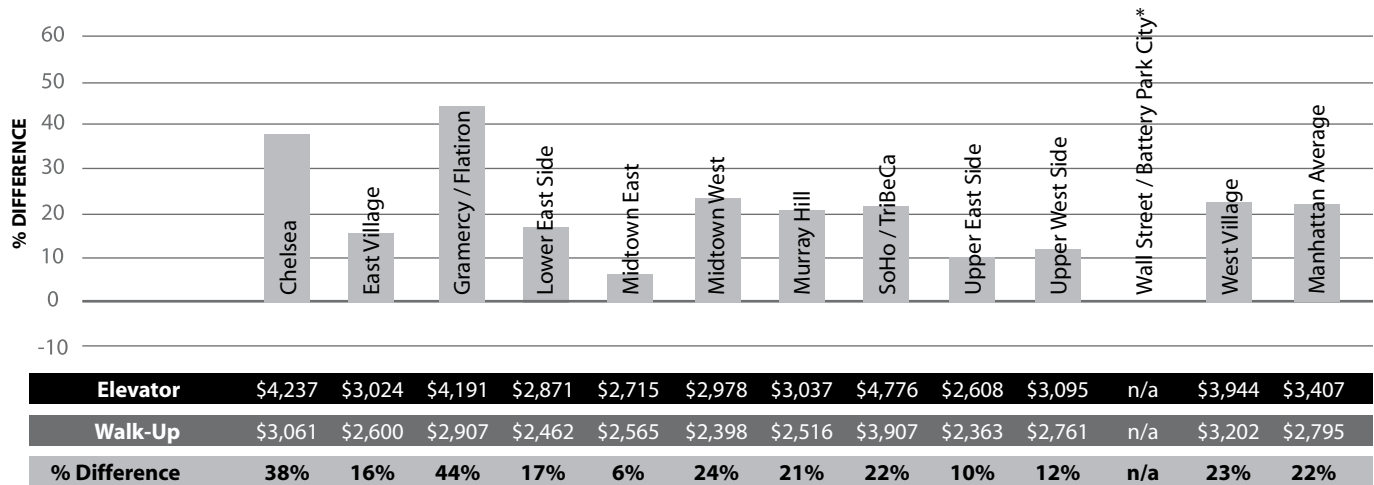
*Wall Street/Battery Park City does not have a large enough sample group of elevator and walkup buildings to be included in this comparison.

ONE BEDROOM RENT COMPARISON



*Wall Street/Battery Park City does not have a large enough sample group of elevator and walkup buildings to be included in this comparison.

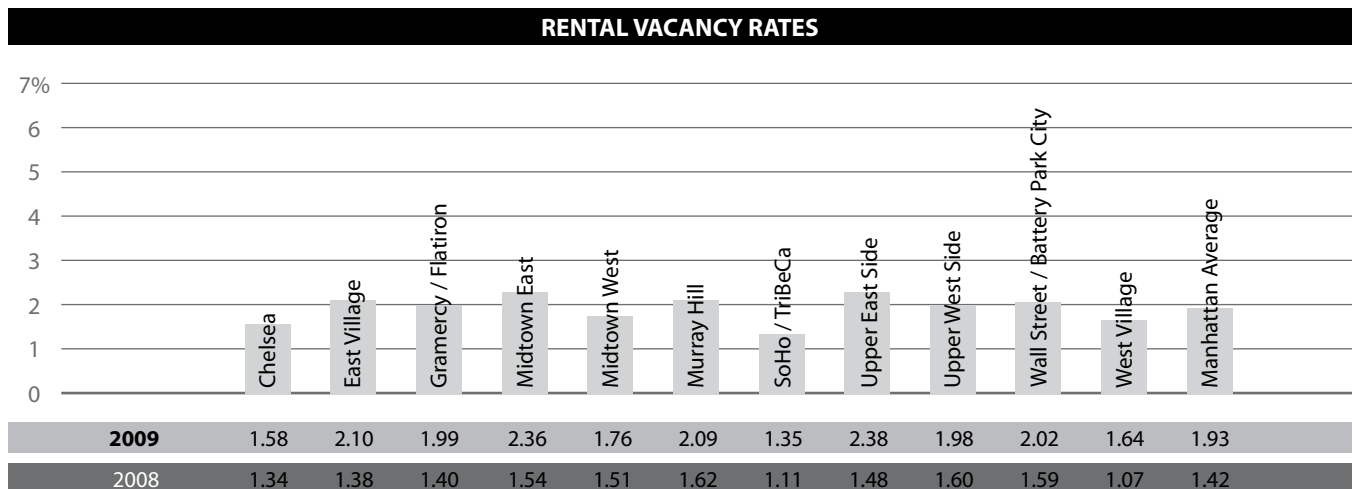
TWO BEDROOM RENT COMPARISON



*Wall Street/Battery Park City does not have a large enough sample group of elevator and walkup buildings to be included in this comparison.

Rental Vacancy Rates

- Supply and demand is by far the single most important factor in determining pricing in Manhattan real estate. Tracking vacancy rates on a monthly basis is critical to understand where the market was yesterday, is today, and will be in the future.
- In February, the vacancy rate was 2.46%, the highest level in 2009. The overall average vacancy rate for 2009 was 1.93%, an increase from 2008's 1.42% rate.
- A neighborhood's vacancy rate is also affected by the amount of new housing stock that enters that local market. The vacancy rate remains consistently lower in neighborhoods such as the West Village, SoHo and Tribeca, than it does in areas like the Upper East Side, Murray Hill and Midtown East.
- When compared to 2009's national vacancy rate of 10.1%, Manhattan's 2009 average rate of 1.93% seems minimal by any standard. This is due to the sheer demand for rental housing in Manhattan due its safety, diversity, economic opportunity and overall appeal.



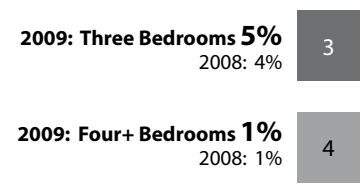
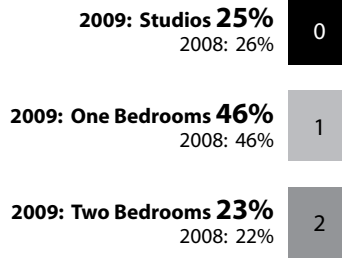
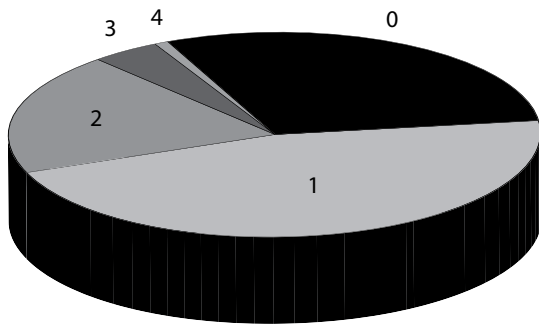
Source: A sampling of 25-30 key rental buildings in each Manhattan neighborhood below 100th Street, including doorman and non-doorman buildings.



Source: All Citi Habitats transactions from January 2009 to December 2009.

What Unit Types Are Renting?

- Since 2003, the percentage of each unit type rented during the respective reporting period has remained fairly consistent. Generally, this is due to the fact that many buildings follow a roughly 30% studio, 50% one bedroom, 20% two bedroom and combined 5% three and four+ bedroom unit mix.

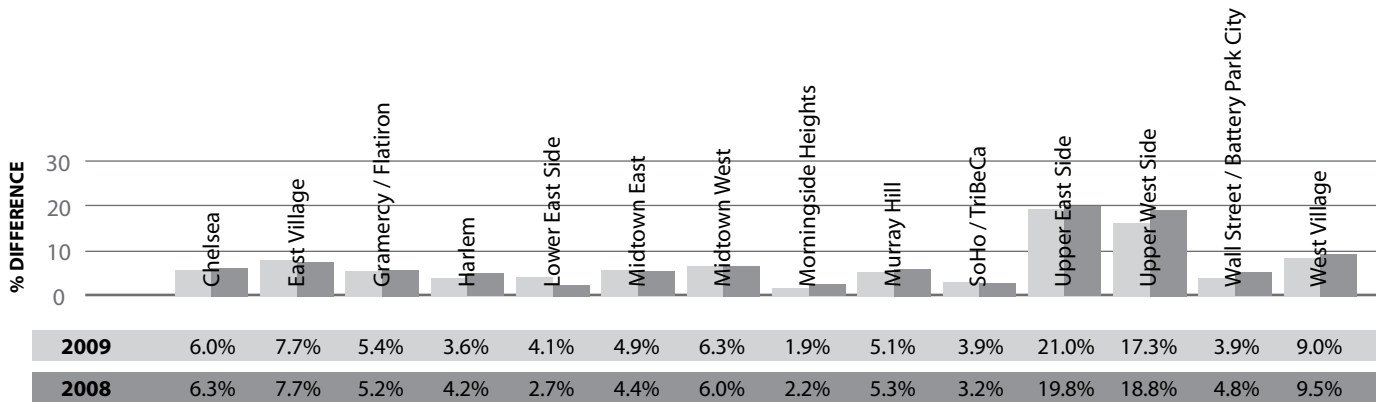


Source: All Citi Habitats transactions from January-December 2009 versus stated time periods.

Where Are People Renting?

- The percentages below represent the number of rental transactions by neighborhood in '09 vs. '08. Rental activity by neighborhood is influenced by several factors including price points, available inventory and access to public transportation. The chart below shows the Upper East and Upper West Sides remain popular with renters.

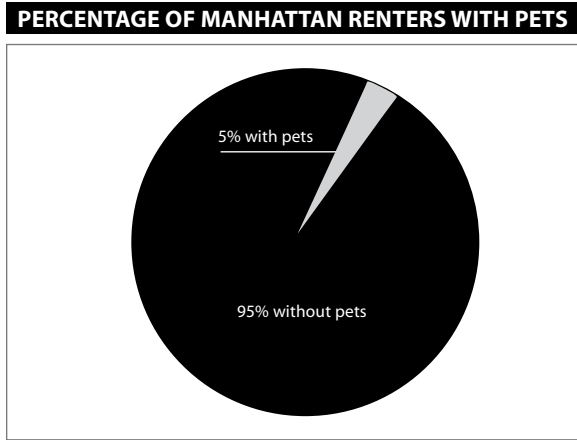
PERCENTAGE OF RENTAL TRANSACTIONS



Source: All Citi Habitats' transactions from January-December 2009

Profile of Manhattan Renters

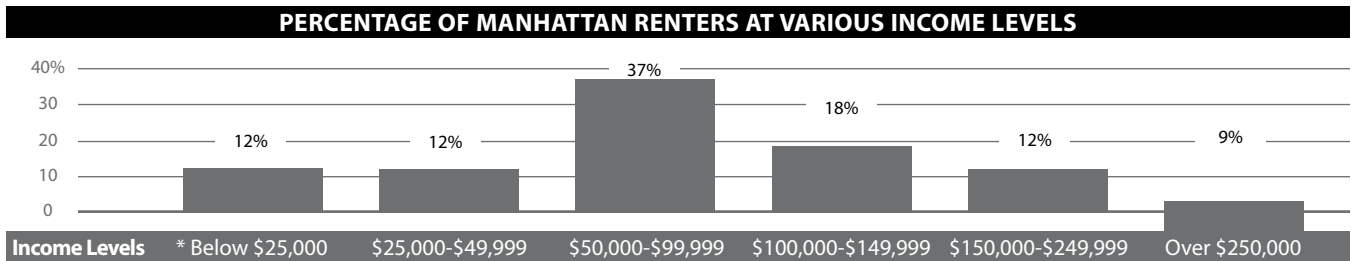
- The summary below is a snapshot of the Manhattan renter. This data has served as a useful tool for developers as they design projects to meet the needs of potential renters and allows them to remain knowledgeable of the ever changing real estate landscape.



AVERAGE AGE OF RENTER: 32 **MEDIAN AGE OF RENTER: 29**

% OF FEMALE RENTERS: 50% **% OF MALE RENTERS: 50%**

* Source: All Citi Habitats' transactions from January-December 2009.



* This sample group includes students and applicants who require guarantors.

Rental Internet Search Data

- In the last several years there has been an incredible shift in the way people find their next home. The Internet has become a powerful tool for apartment seekers, while print sources have fallen out of favor.
- The internet facilitates the apartment hunt by allowing people to search properties from all over the world, view photos, and easily compare apartments, thus creating more informed consumers.
- Due to the fact consumers are better informed, 2009 was a breakthrough year where apartment seekers' rent expectation were generally in line with the actual market.
- Citi Habitats' website had over 1 billion hits and 2.5 million unique visitors in 2009, making it one of the most heavily trafficked websites in the industry. Due to the prominence of the Citi Habitats website, the chart below offers a comprehensive snapshot of perceptions and behaviors of those seeking real estate in Manhattan.

WEBSITE VISITORS' RENT EXPECTATIONS VS. ACTUAL MANHATTAN RENTS

	Studios	1 Bedrooms	2 Bedrooms	3 Bedrooms	Overall
Expected Rent	\$1,732	\$2,226	\$3,303	\$5,138	\$3,099
Actual Average Rent	\$1,792	\$2,406	\$3,411	\$4,794	\$3,105
Percent Difference	.03%	.09%	.03%	.07%	-.07%

Source: Citi Habitats website visitors at www.citihabitats.com from January-December 2009.

Sales Prices Citywide

- A reflection of the tumultuous times, sales prices for co-ops and condos were down across the board in 2009 when compared to the previous year. See below for a detailed analysis of sales prices by property type, size and neighborhood.
- There are encouraging signs that the sales market is beginning to rebound. Transaction volume is way up during the last several months, and prices are beginning to follow.

CO-OPS CITYWIDE					
	Overall	Studios	1 BRs	2 BRs	3+ BRs
2009 Median Price	\$628k	\$359k	\$549k	\$969k	\$2.288m
2008 Median Price	\$699k	\$399k	\$622k	\$1.140m	\$2.450m
% Difference	-10%	-10%	-12%	-15%	-7%

2009 Average Price Per Sq. Ft. = **\$833**

2008 Average Price Per Sq. Ft. = **\$974**

Percent Difference = **-14%**

CONDOS CITYWIDE					
	Overall	Studios	1 BRs	2 BRs	3+ BRs
2009 Median Price	\$798k	\$477k	\$745k	\$1.338m	\$2.941m
2008 Median Price	\$1.050m	\$540k	\$815k	\$1.600m	\$2.982m
% Difference	-24%	-12%	-9%	-16%	-1%

2009 Average Price Per Sq. Ft. = **\$1,172**

2008 Average Price Per Sq. Ft. = **\$1,291**

Percent Difference = **-10%**

Source: All data in this report is collected by Citi-Habitats from sources deemed reliable.

Sales Prices by Neighborhood (Co-ops)

STUDIO CO-OPS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$389k	\$337k	\$365k	n/a	\$334k
2008 Median Price	\$460k	\$350k	\$390k	\$343k	\$369k
% Difference	-15%	-4%	-6%	n/a	-9%

ONE BEDROOM CO-OPS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$597k	\$556k	\$558k	\$422k	\$516k
2008 Median Price	\$675k	\$618k	\$620k	\$550k	\$578k
% Difference	-12%	-10%	-10%	-23%	-11%

TWO BEDROOM CO-OPS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$1.051m	\$825k	\$985k	n/a	\$967k
2008 Median Price	\$1.199m	\$1.295m	\$1.166m	\$825k	\$1.120m
% Difference	-12%	-30%	-16%	n/a	-14%

THREE+ BEDROOM CO-OPS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$1.728m	\$2.823m	\$2.204m	n/a	\$2.351m
2008 Median Price	\$2.495m	\$3.100m	\$2.275m	n/a	\$1.970m
% Difference	-31%	-9%	-3%	n/a	-19%

Source: All data in this report is collected by Citi-Habitats from sources deemed reliable.

Sales Prices by Neighborhood (Condos)

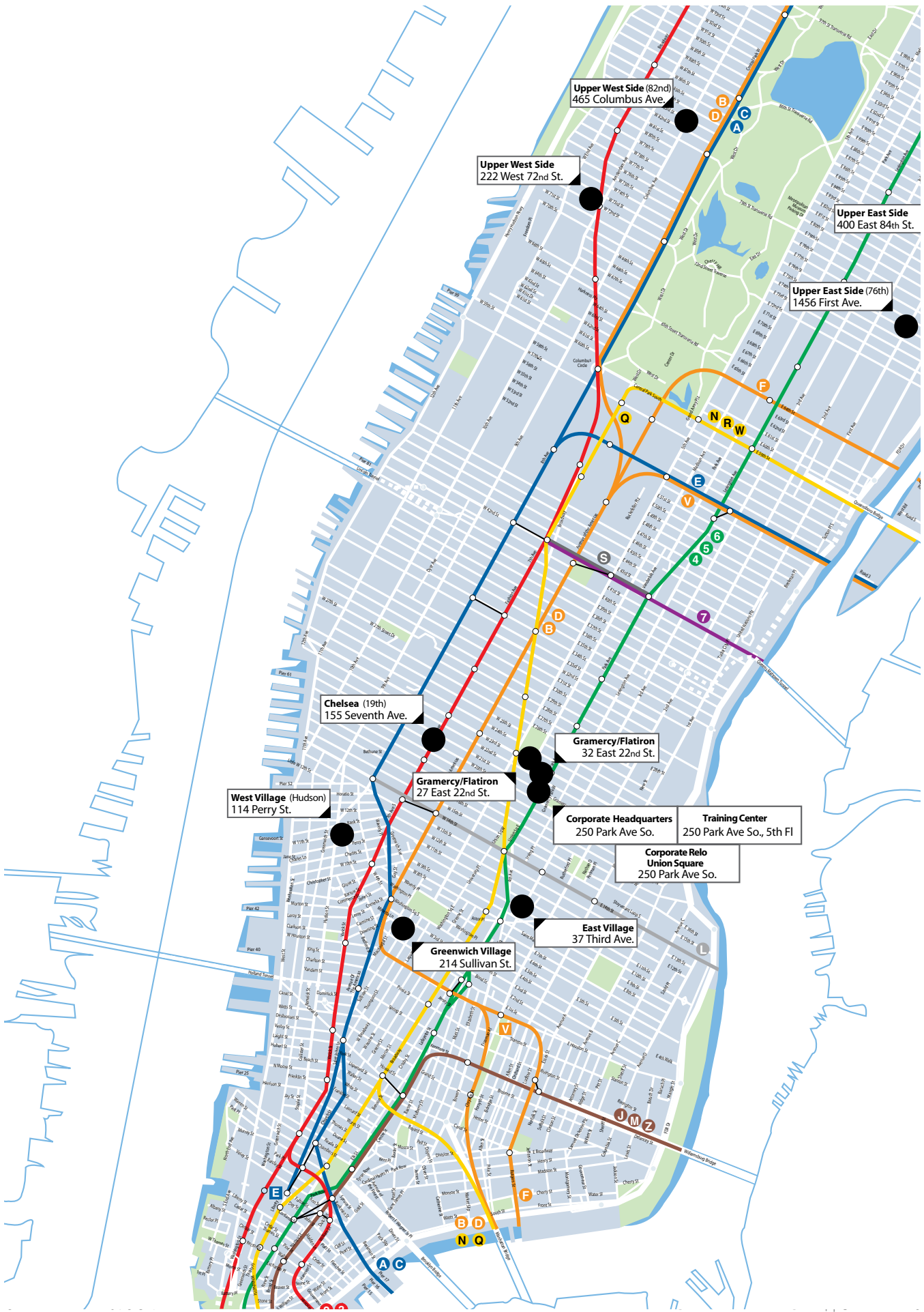
STUDIO CONDOS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$484k	\$453k	\$482k	\$546k	\$442k
2008 Median Price	\$583k	\$528k	\$565k	\$564k	\$525k
% Difference	-17%	-14%	-15%	-3%	-16%

ONE BEDROOM CONDOS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$819k	\$717k	\$753k	\$740k	\$736k
2008 Median Price	\$879k	\$755k	\$815k	\$910k	\$820k
% Difference	-7%	-5%	-8%	-19%	-10%

TWO BEDROOM CONDOS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$1.555m	\$1.379m	\$1.265m	\$1.156m	\$1.334m
2008 Median Price	\$1.790m	\$1.618m	\$1.475m	\$1.818m	\$1.500m
% Difference	-13%	-15%	-14%	-36%	-11%

THREE+ BEDROOM CONDOS CITYWIDE					
	Downtown	East Side	West Side	Mtwn West	Mtwn East
2009 Median Price	\$2.862m	\$3.116m	\$4.390m	n/a	\$2.812m
2008 Median Price	\$2.960m	\$2.850m	\$3.335m	\$4.300m	\$3.475m
% Difference	-3%	-9%	-32%	n/a	-19%

Source: All data in this report is collected by Citi-Habitats from sources deemed reliable.



Upper West Side (82nd)
465 Columbus Ave.

Upper West Side
222 West 72nd St.

Upper East Side
400 East 84th St.

Upper East Side (76th)
1456 First Ave.

Chelsea (19th)
155 Seventh Ave.

Gramercy/Flatiron
32 East 22nd St.

West Village (Hudson)
114 Perry St.

Gramercy/Flatiron
27 East 22nd St.

Corporate Headquarters
250 Park Ave So.

Training Center
250 Park Ave So., 5th Fl

Corporate Relo
Union Square
250 Park Ave So.

Greenwich Village
214 Sullivan St.

East Village
37 Third Ave.

Owned & operated by NRT LLC.