



The Black and White Report

An analysis of our
Manhattan residential
rentals and sales



Neighborhood Index:

- Upper West Side
- Upper East Side
- West Midtown
- East Midtown
- Garment District
- Midtown
- Chelsea
- Gramercy Park/Flatiron
- West Village
- East Village
- SoHo/Tribeca
- Battery Park Vicinity

For a complete & customized report contact Andrew Heiberger
at our Corporate Headquarters: 212.685.7777.

Mission Statement

The Black and White Report provides the most comprehensive analysis of the current state of Manhattan's residential marketplace. The data examined by the Black and White Report spans two distinct six-month periods – in both residential rentals and sales – representing “peak” and “off-peak” seasons. The information that follows is drawn from the period of May through October 2002 which is considered the “peak” season. We break this hard rental and sales information down into smaller, more size-specific categories, to give you the fullest possible understanding of Manhattan's wide-ranging market.

The statistical integrity of the Black and White Report is unparalleled. Compiled by the managers and staff of Citi Habitats' fifteen citywide offices, and incorporating a sampling of nearly eight thousand rental and sales agreements from over eleven hundred properties, the Black and White Report identifies the actual, undeniable trends in today's real estate market.

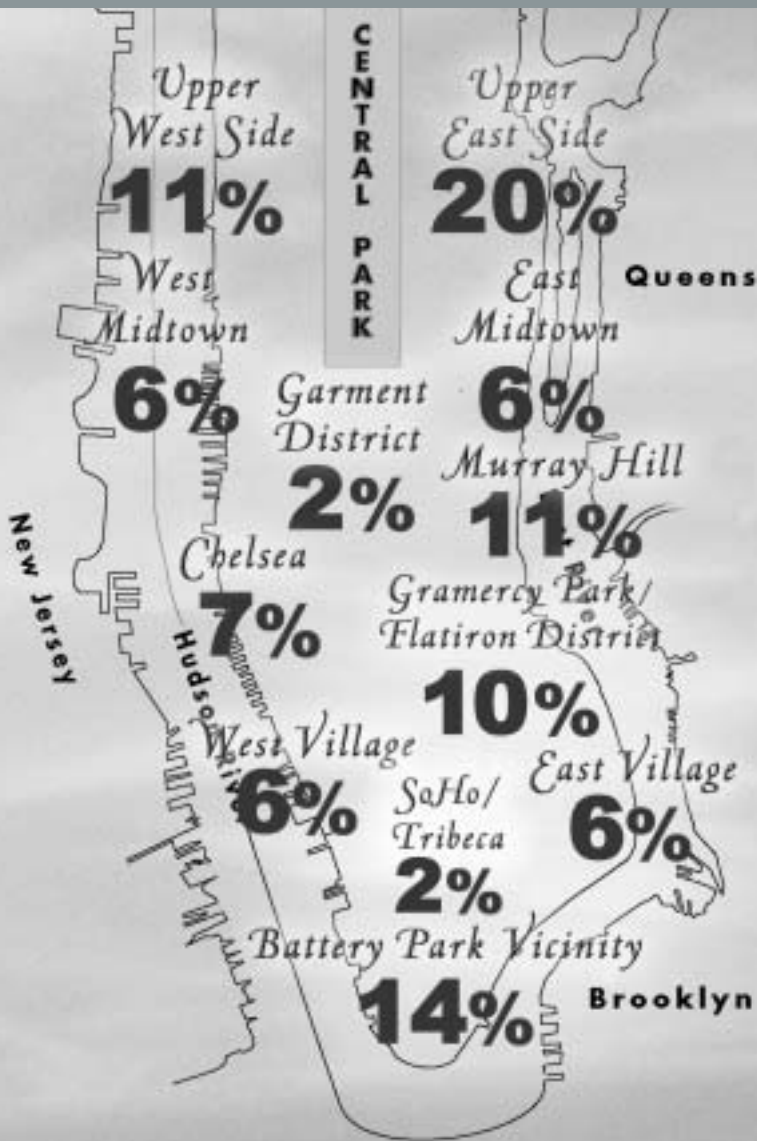
Introduction

Despite the challenges that Downtown rebuilding efforts present – and the fact that a recession, high unemployment, and the general sluggish state of the city economy still persists – you'll find Manhattan's real estate market to be far more resilient than many real estate developers, brokerage reports, and journalists have previously reported. Our vacancy rates are stable and the prices of rentals and sales rank well above the national average.

The Black and White Report substantiates our belief in the new possibilities offered by the Manhattan real estate market.



Where Are People Moving?



SOURCE: CITI HABITATS, INC.

Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: According to our findings, more tenants are moving to the Upper East Side and Battery Park vicinity than to other areas. The Upper West Side, Gramercy Park, Murray Hill and the West Village are a close second—at approximately 11%.

Conclusion: Although many of our tenants initially request an apartment on the Upper West Side, Gramercy Park and Greenwich Village, they ultimately end up moving where the value is; on the Upper East Side and in the Battery Park vicinity.

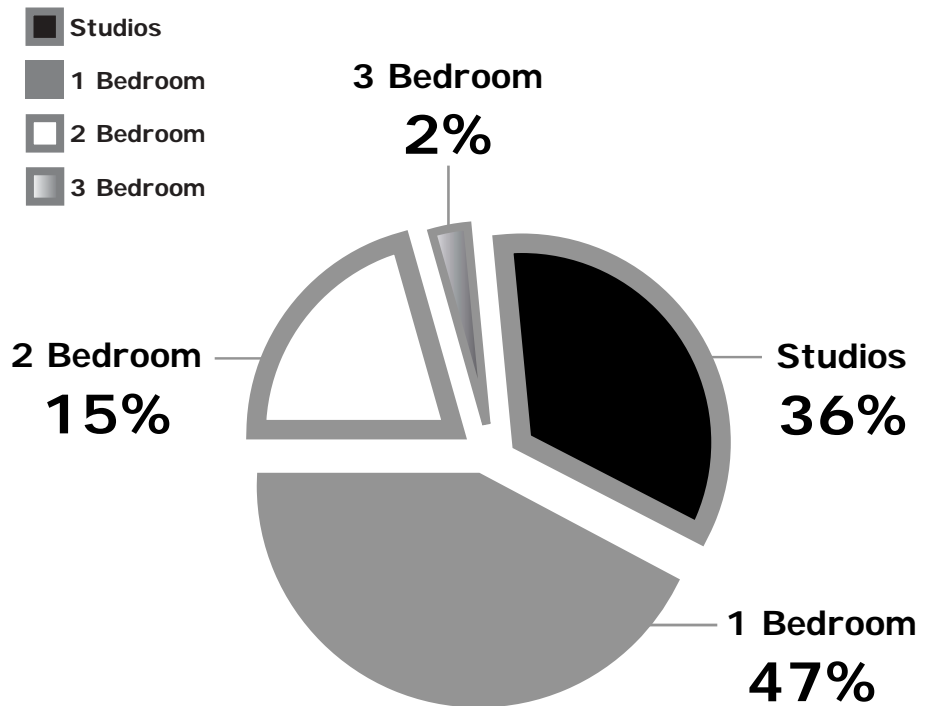


What is Renting?

Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: The bulk of transactions were for studio and one bedroom apartments. 83% of all renters in the sample group of May through October 2002 opted for a studio or one bedroom apartment.

Conclusion: If you are a housing provider constructing a new building or renovating an existing site, our research indicates 83% of your units might best be configured as studios or one bedrooms.



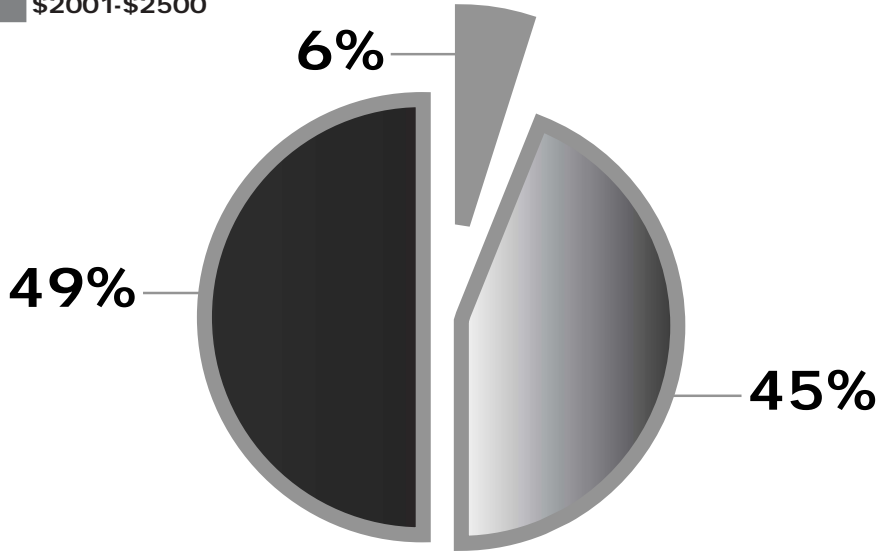
SOURCE: CITI HABITATS, INC.



Manhattan's
Complete
Real Estate
Resource

Studio Profile

- \$1001-\$1500
- \$1501-\$2000
- \$2001-\$2500



SOURCE: CITI HABITATS, INC.

Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: Of all studios rented, a staggering 55% of clients spend between \$1500 and \$2500 for a studio apartment.

Conclusion: The studio market remains extremely robust, demonstrating that more than 50% of all studio seekers are willing to pay more than \$1500 per month.



SOURCE: CITI HABITATS, INC.

Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: Of all studio renters in the sample group, 42% are moving to the Battery Park vicinity and the Upper East Side.

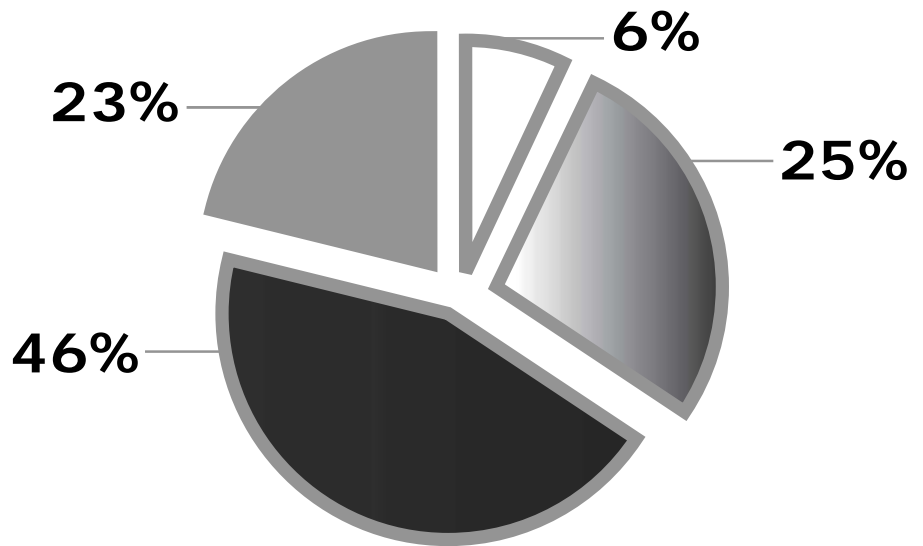
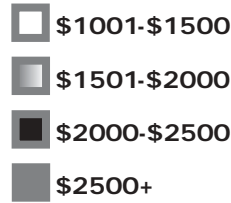
Conclusion: Although renters initially seek Gramercy, West Village and Chelsea as their first neighborhood of choice, the reality is that they have chosen the value found in the Battery Park vicinity and the Upper East Side. These renters are typically in their 20s and 30s.

One Bedroom Profile

Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: 69% of all one bedroom apartments were priced at \$2000 and above.

Conclusion: Over 69% of all one bedroom renters need to earn over \$100,000 annually to qualify for a one bedroom apartment.



SOURCE: CITI HABITATS, INC.



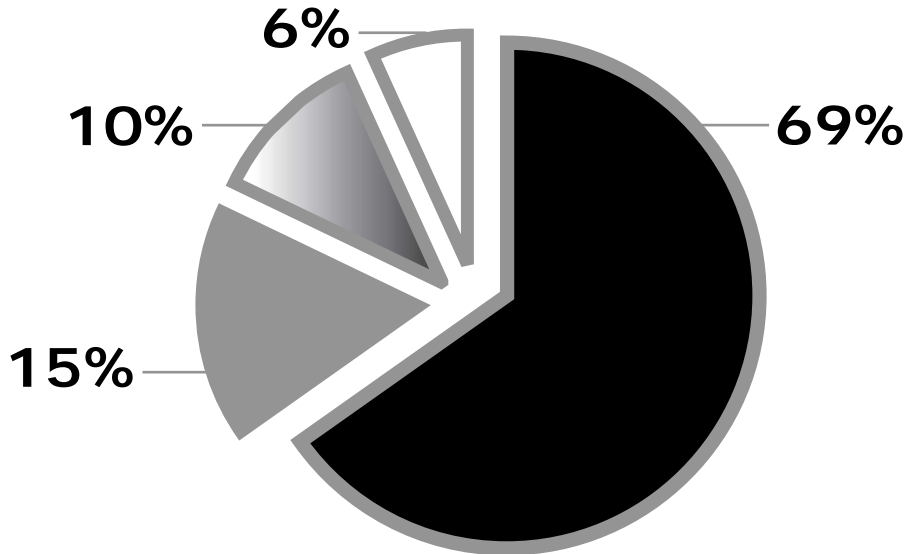
Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: Of all one bedroom apartments rented in the sample group, 21% were in the Upper East Side, followed by 17% in the Battery Park vicinity and 11% in Murray Hill.

Conclusion: Although clients initially prefer the West Village and Chelsea as their primary neighborhood, they ultimately select neighborhoods based on value.

Two Bedroom Profile

- \$2000-\$3000
- \$3001-\$4000
- \$4001-\$5000
- \$5001+

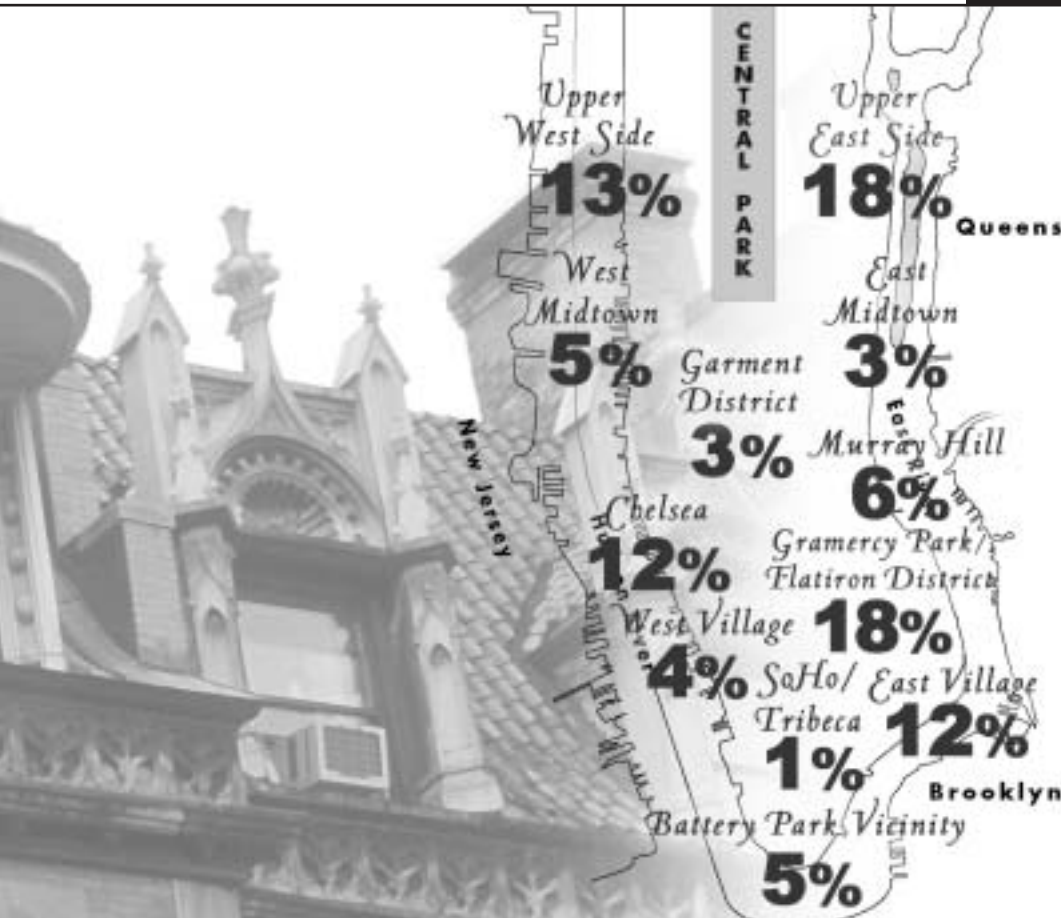


SOURCE: CITI HABITATS, INC.

Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: 69% of all two bedroom apartments were priced between \$2000 and \$3000. The remaining 31% were priced above \$3001.

Conclusion: While 69% of all two bedroom apartments are between \$2000 and \$3000, the occupants of these units tend to be young couples, small families or single shares. In contrast, the remaining 31% represent the more mature, established clientele who are attracted to the two bedroom market.



SOURCE: CITI HABITATS, INC.

Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: Of all two bedroom apartments rented in the sample group, 36% were in Gramercy Park and the Upper East Side; followed by the Upper West Side, Chelsea and East Village at approximately 12% each.

Conclusion: Gramercy Park and the Upper East Side attract a more mature, established clientele — it is this client that rents two bedroom units. Therefore, it is no surprise that 36% of all two bedroom renters chose to reside in these neighborhoods.

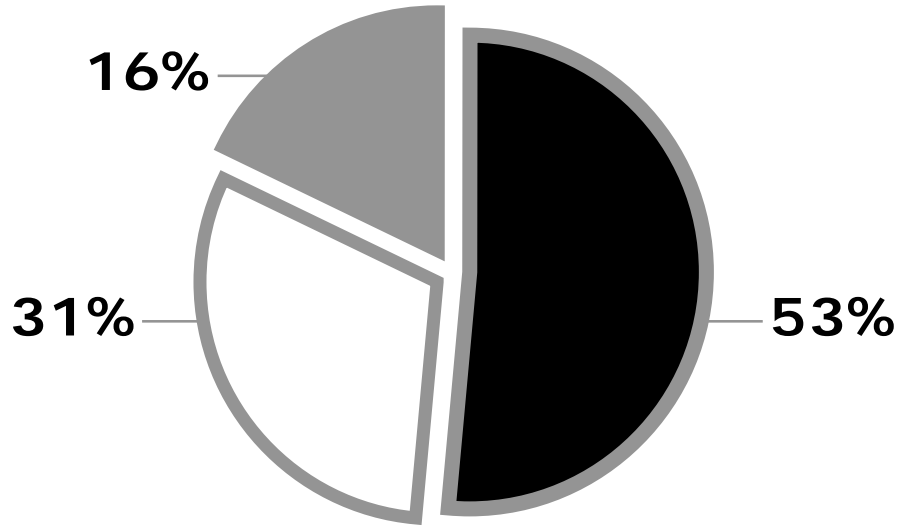
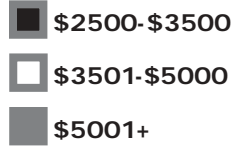
The Battery Park vicinity has very few two bedroom units. Over 93% of all units rented in the Battery Park vicinity were studio and one bedroom apartments.

Three Bedroom Profile

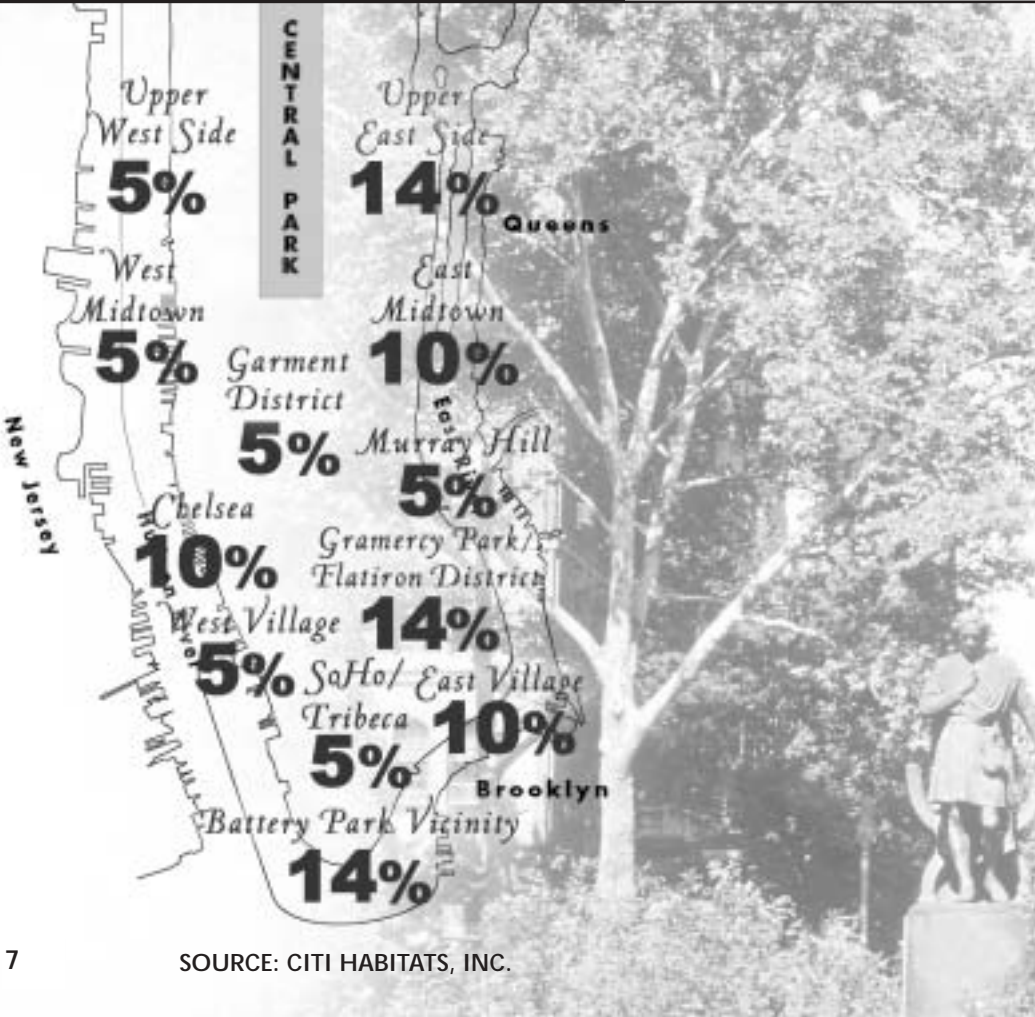
Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: This analysis indicates that 84% of all three bedroom apartments were priced between \$2500 and \$5000. The remaining 16% were priced over \$5000.

Conclusion: As in the case of two bedroom apartments, clients renting three bedroom apartments in the \$2500 to \$3500 range are typically single shares and small families. Whereas, the apartments at \$5000 and above are rented by residents who earn in excess of \$300,000 per year.



SOURCE: CITI HABITATS, INC.



Assumptions: Based on all Citi Habitats' transactions May through October 2002. Sampling of 1,100 buildings and over 140 exclusive properties. Includes doorman and non-doorman buildings.

Analysis: This analysis indicates that of all three bedroom apartments rented in the sample group, 42% were located in the Battery Park vicinity, Gramercy Park and the Upper East Side.

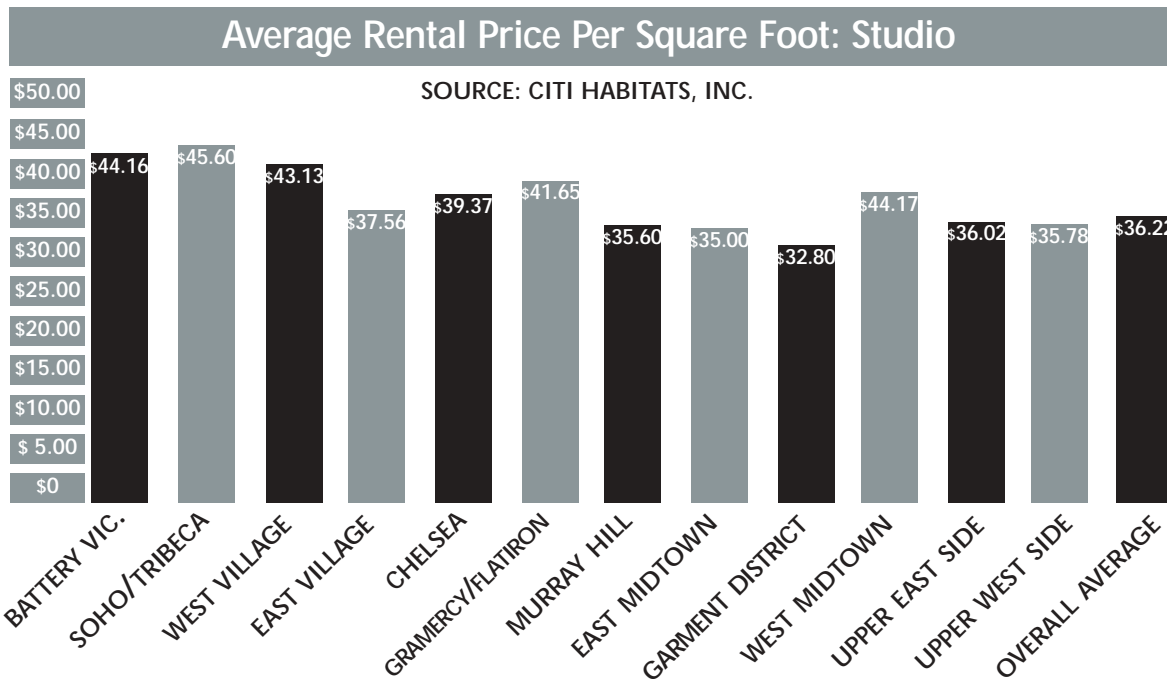
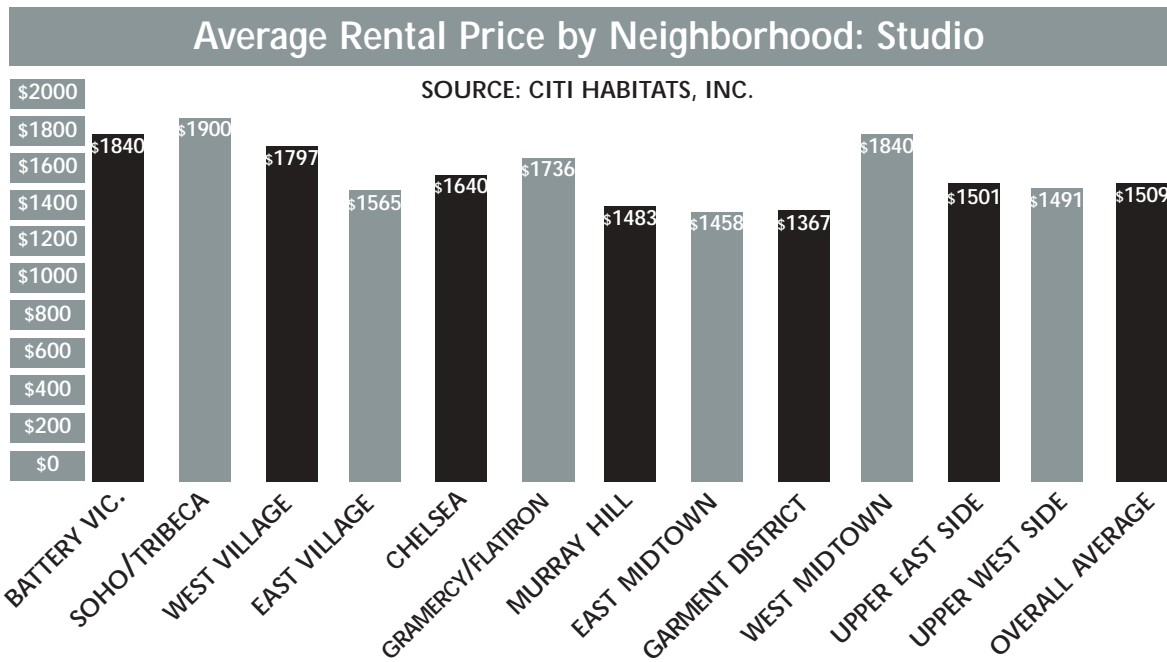
Conclusion: While three bedroom units are a small percentage of available inventory in the marketplace, it is an aberration that 14% of those renting three bedroom apartments end up in the Battery Park vicinity. This is a one-time trend due to recent events and is not indicative of the public demand for three bedroom apartments in the Battery Park vicinity.

Average Rental Price: Studio

Assumptions: Studio square footage used is 500 square feet. Includes doorman and non-doorman buildings.

Analysis: This analysis was prepared to illustrate current average rents for studio apartments in the various neighborhoods. The Battery Park vicinity, SOHO/Tribeca, West Village, Chelsea, Gramercy Park and West Midtown areas command a higher rent whereas, the remaining neighborhoods are similar to the overall average rent of \$1,509.

Conclusions: Location, location, location: SOHO/Tribeca, West Village and Gramercy Park/Flatiron remain the highest priced neighborhoods. Renters will pay a premium for better neighborhoods.

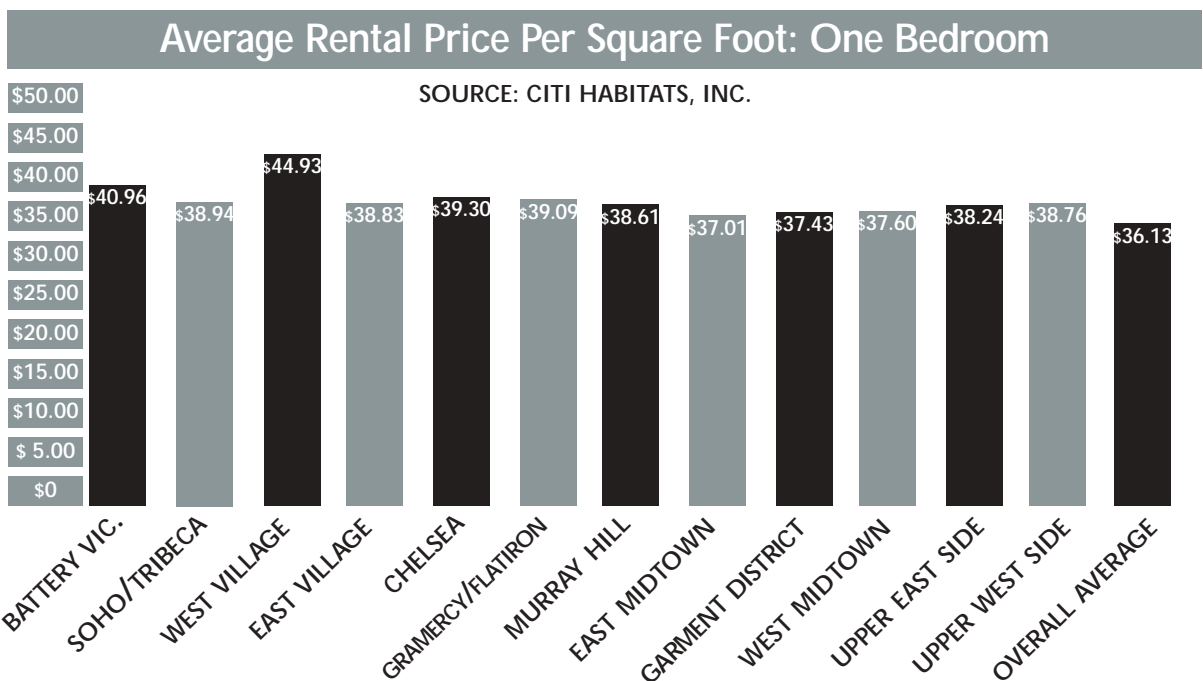
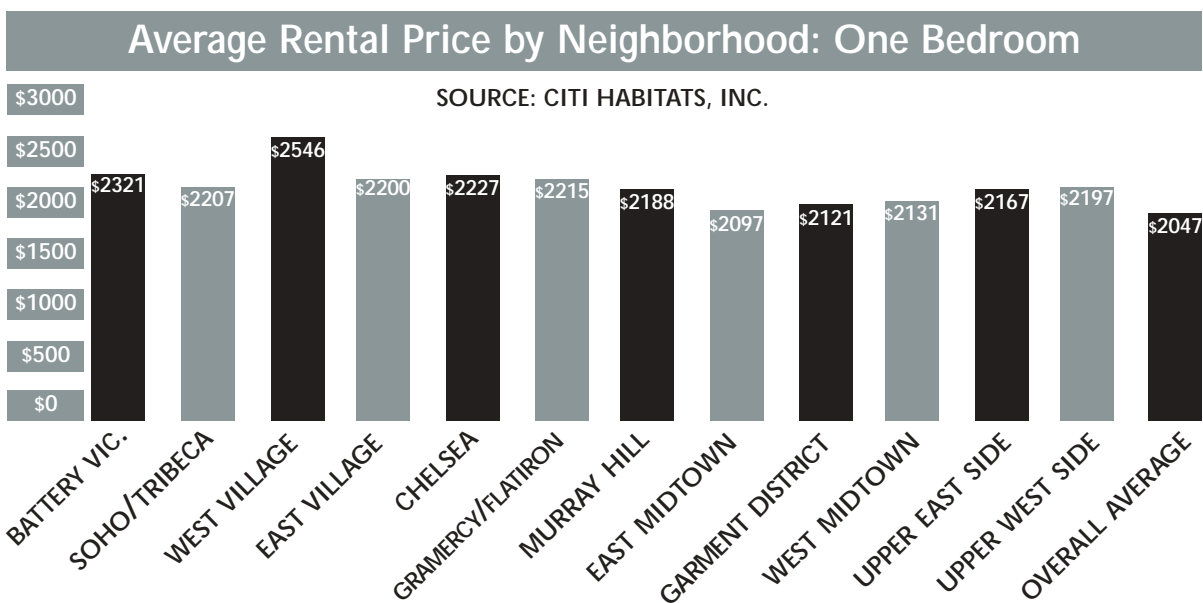


Average Rental Price: One Bedroom

Assumptions: One Bedroom square footage used is 680 square feet; Includes doorman and non-doorman buildings.

Analysis: This analysis was prepared to illustrate current average rents for one bedroom apartments in the various neighborhoods. The Battery Park vicinity, SOHO/Tribeca, West Village, Chelsea and Gramercy Park areas command the highest rent whereas, the remaining neighborhoods are similar to the overall average of \$2047.

Conclusions: With the exception of the West Village, the rental prices for one bedrooms are about equal throughout Manhattan. Therefore, it would be most cost-effective to develop rental units in secondary neighborhoods where you can acquire properties for less.

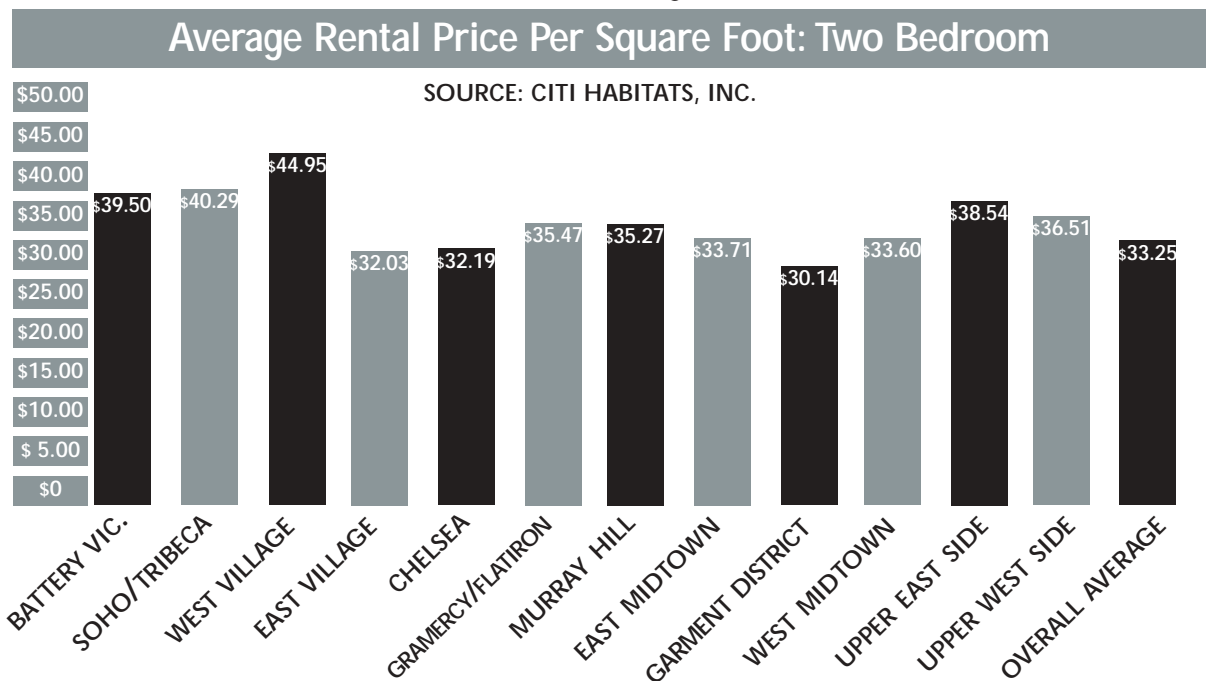
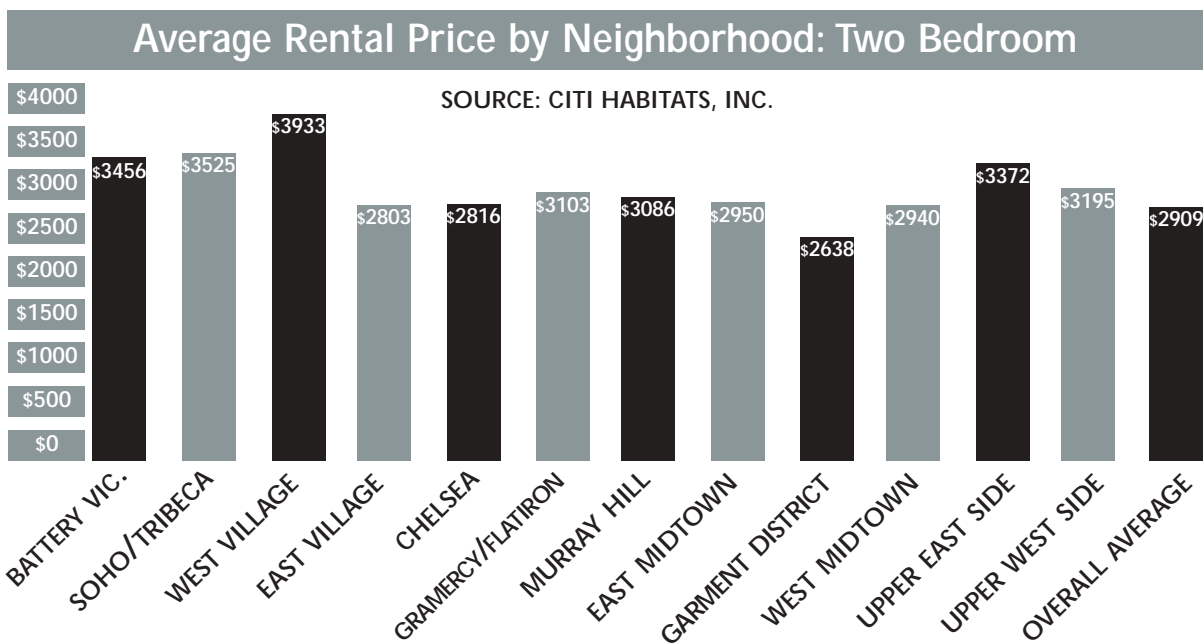


Average Rental Price: Two Bedroom

Assumptions: Two Bedroom square footage used is 1,050 square feet; Includes doorman and non-doorman buildings.

Analysis: This analysis was prepared to illustrate current average rents for two bedroom apartments in the various neighborhoods. The Battery Park vicinity, SOHO/Tribeca, West Village and Gramercy Park areas continue to command a higher rent, with the inclusion of the Upper East Side. The remaining rents are similar to the overall average of \$2,909.

Conclusions: The downtown, high-end two bedroom market is thriving. The SOHO/Tribeca and West Village area demonstrates family demand in the downtown marketplace. Potentially, a new trend which will be monitored closely.



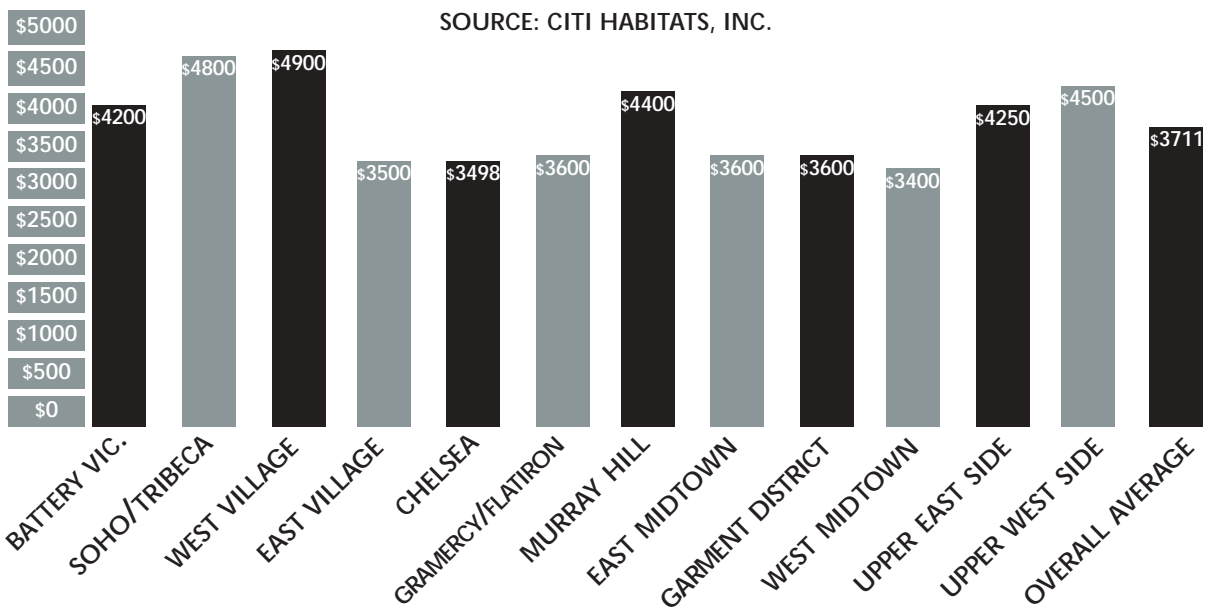
Average Rental Price: Three Bedroom

Assumptions: Three Bedroom square footage used is 1,350 square feet; Includes doorman and non-doorman buildings.

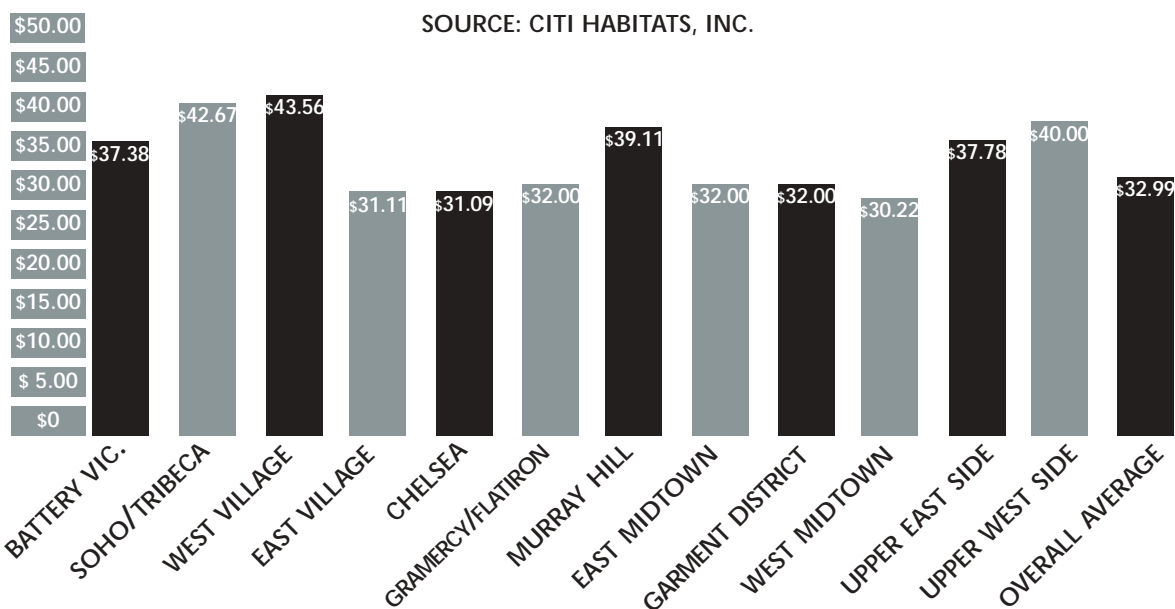
Analysis: This analysis was prepared to illustrate current average rents for three bedroom apartments in the various neighborhoods. The SOHO/Tribeca, West Village, and Battery Park vicinity areas continue to command a higher rent along with the established residential neighborhoods of the Upper East Side, Murray Hill and Upper West Side.

Conclusions: Based upon our report, there is a strong demand in SOHO/Tribeca and the Battery Park vicinity demonstrating family demand in the downtown marketplace. People are willing to pay a premium to live in larger spaces in the downtown area.

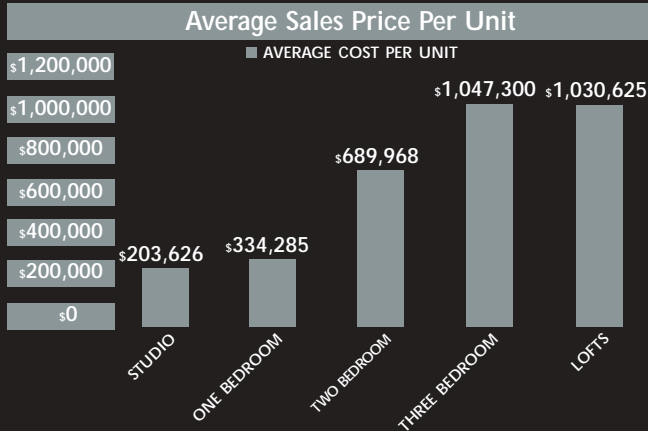
Average Rental Price by Neighborhood: Three Bedroom



Average Rental Price Per Square Foot: Three Bedroom



CITI HABITATS SALES



Analysis: This graph illustrates the average sales price for each unit type. The bulk of our sales were for studios and one bedrooms. The year to date overall average price for a studio is currently at \$203,626. The year to date overall average price for a one bedroom is currently at \$334,285. The year to date overall average price for a two bedroom is \$689,968. Lastly, the three bedroom and loft overall average price is currently at \$1,047,300 and \$1,030,625 respectively.

Conclusions: In the foreseeable future we can expect the prices per square foot to remain stable for the studio and one bedroom market. Historic low interest rates make these smaller units extremely attractive to buyers. Going forward, two and three bedroom apartments will be facing the most downward pressure.

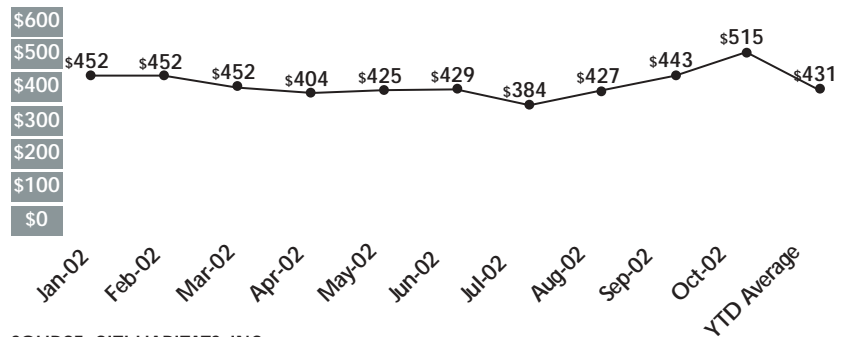
This section of our analysis focuses on our sales for January 2002 through October 2002. The analysis provides an in-depth breakdown of price per square foot for studios, one bedroom and two bedrooms

Analysis: This graph indicates very little change in average price per square foot for the studio and one bedroom apartments. Studio prices per square foot remained consistent month to month experiencing a slight rise in the month of October 2002. The average price per square foot for the two bedroom apartment experienced the greatest volatility.

Conclusions: We anticipate that prices per square foot will remain stable the remainder of the year, for the studio and one bedrooms. However, the greatest decreases and volatility will occur in the larger apartments.

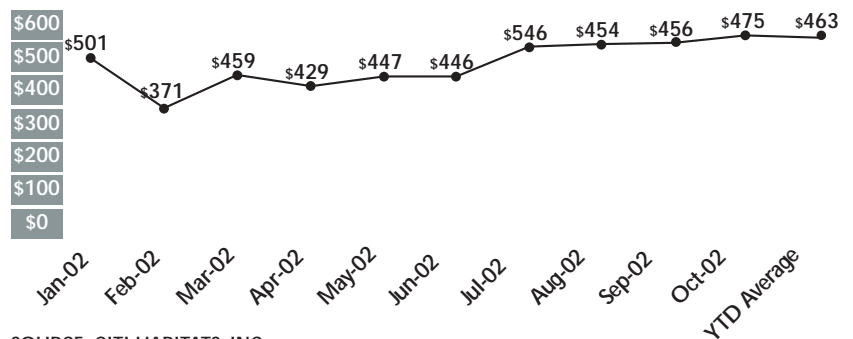
—●— AVERAGE \$ PER SQUARE FOOT

Average Price Per Square Foot—Studio



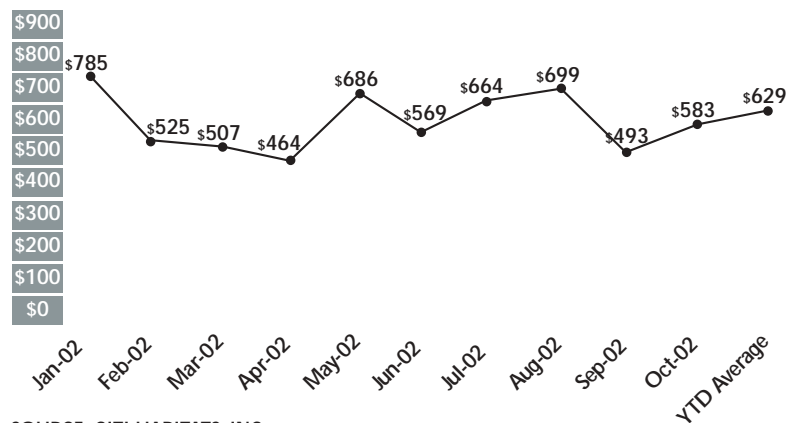
SOURCE: CITI HABITATS, INC.

Average Price Per Square Foot—One Bedroom



SOURCE: CITI HABITATS, INC.

Average Price Per Square Foot—Two Bedroom



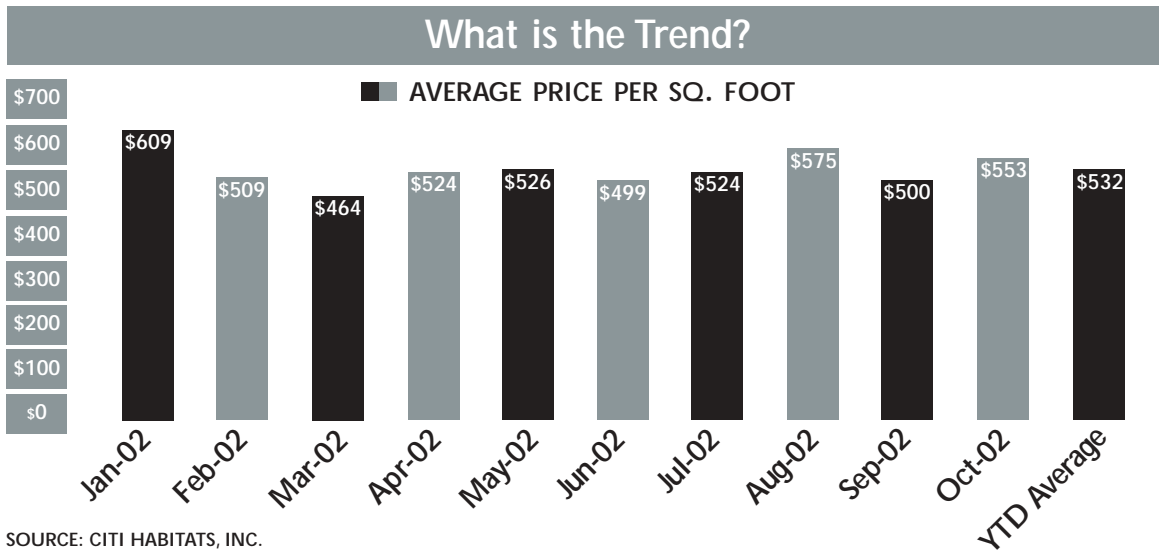
SOURCE: CITI HABITATS, INC.

What is the Trend?

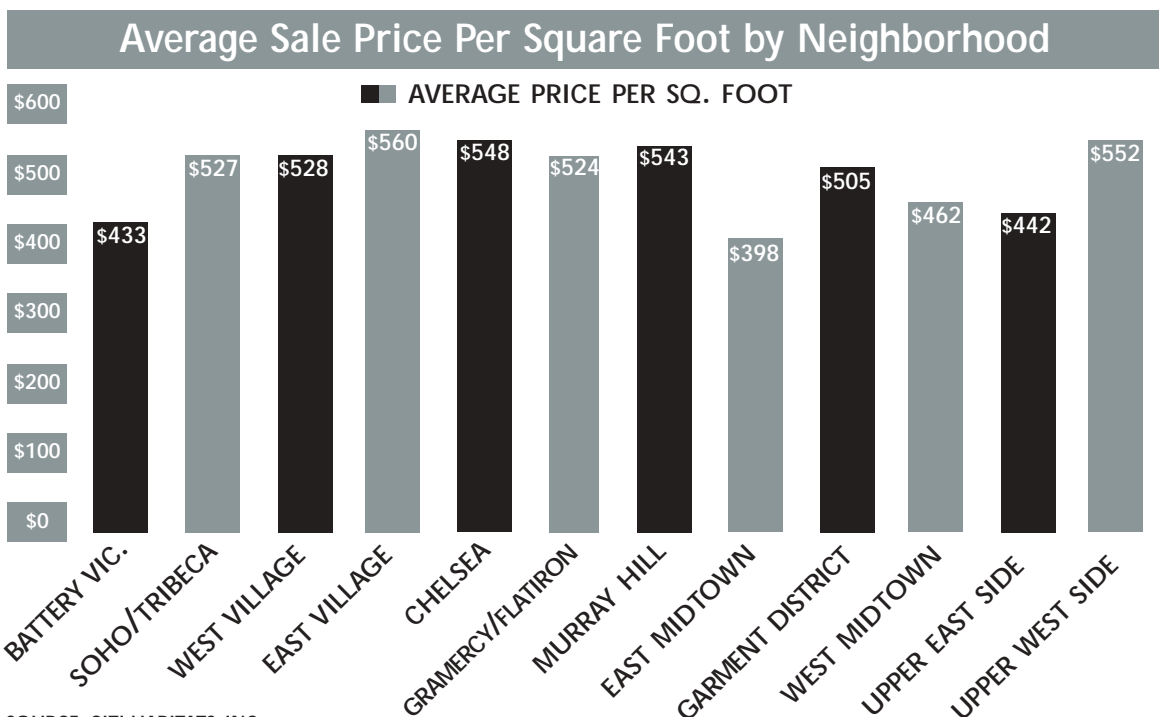
Assumptions: Analysis of our residential sales market by month. Aggregate average price per square foot for all unit types citywide. Includes doorman and non-doorman buildings.

Analysis: This graph illustrates the average price per square foot for all units citywide by month. January, August and October 2002 exceeded the year to date overall average of \$532 per square foot. In July and August 2002 we began to see signs of stabilization in pricing. However, further analysis by neighborhood will illustrate how certain neighborhoods demand an above average price per square foot.

Conclusions: We can expect the sales market to continue to stabilize, which will translate into more consistent pricing, more available listings, and there is the possibility of a decline at the very high end of the ultra-luxury market.



SOURCE: CITI HABITATS, INC.



SOURCE: CITI HABITATS, INC.

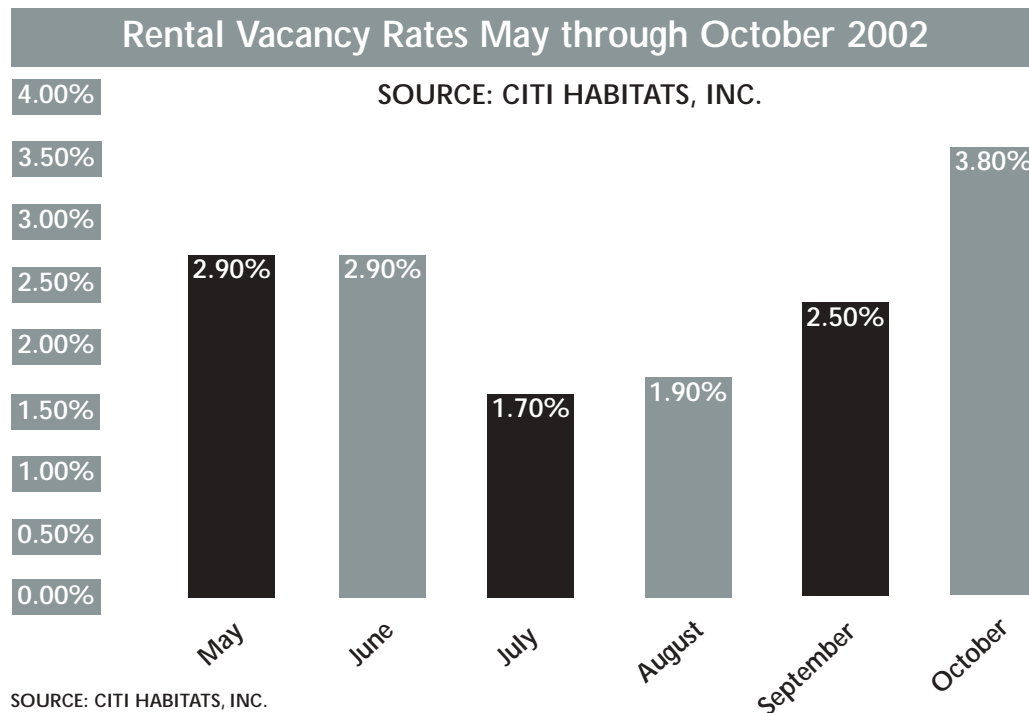
Rental Vacancy Rates

Assumptions: Based on a sampling of over 1,100 buildings and over 140 exclusive properties throughout Manhattan. Includes doorman and non-doorman buildings.

Analysis: Vacancy rates reached their lowest and best rates in July and August at 1.7% and 1.9% respectively. The vacancy rates began to climb in September at 2.5% and are currently at 3.8%

Conclusions: There appears to be a sharp softening of the rental market from September 2002 through October 2002, part of this softening can be attributed to the traditional slow-down of the market as we head into the off peak season. It is anticipated that as we enter our off peak season, the vacancy rate may rise to 4.0%. Inevitably, there will be downward pressure on rents.

For a complete & customized report contact Andrew Heiberger at our Corporate Headquarters: 212.685.7777.



Executive Summary

At Citi Habitats, we believe the data gathered in the "Black and White Report" – based on the comprehensive and sheer number of Citi Habitats' transactions – will accurately illustrate the economic trends in Manhattan's residential market today.

Whether it's a question of identifying the apartment size of today's most popular rental, the neighborhood with the highest volume of new sales, or

determining the unit mix of your development – Citi Habitats offers you the resources to help calibrate your own individual real estate decisions with the broader economic realities of Manhattan's real estate market.

As I've often stated, the tragedy of the World Trade Center attack, coupled with a city economy that continues to struggle, does not mean that growth in Manhattan's real estate market has been derailed. As reflected, in the "Black and White Report," the fact that residential properties remain in demand citywide, is not only testimony to the strength of our industry, but to the spirit of all New Yorkers as well.

YOUR COMPLETE REAL ESTATE RESOURCE.

With **15** offices citywide, Citi Habitats is Manhattan's most comprehensive real estate service provider.

Our departments and services include:

- Apartment Sales
- Apartment Rentals
- Corporate Relocation
- On-site Marketing
- Landlord Services
- Pre-Construction Consulting
- Market Consulting
- Market Research
- Creative Services
- Website Design and Programming
- Public Relations
- Citi Furnished
- Loft Specialists
- Citi Move-In Solutions
- IT Department
- Customer Relations
- Unparalleled State-of-the-Art Listings Department

During the past year, Citi Habitats completed **8000** rental transactions, totaling over **480** million dollars.

We also sold an apartment every day including New Year's! Our sales and rentals figures surpassed

680 million dollars!



15 office locations throughout Manhattan!

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465 Columbus Ave.

HABITATS
NEW YORK

UPPER EAST SIDE
400 E. 84th Street

HABITATS
NEW YORK

MIDTOWN WEST
346 W. 57th Street

HABITATS
NEW YORK

MIDTOWN EAST
937 2nd Ave.

HABITATS
NEW YORK

CHELSEA
155 Seventh Ave.

HABITATS
NEW YORK

MIDTOWN SOUTH
30 E. 33rd Street

HABITATS
NEW YORK

WEST VILLAGE
114 Perry Street

HABITATS
NEW YORK

76TH STREET
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