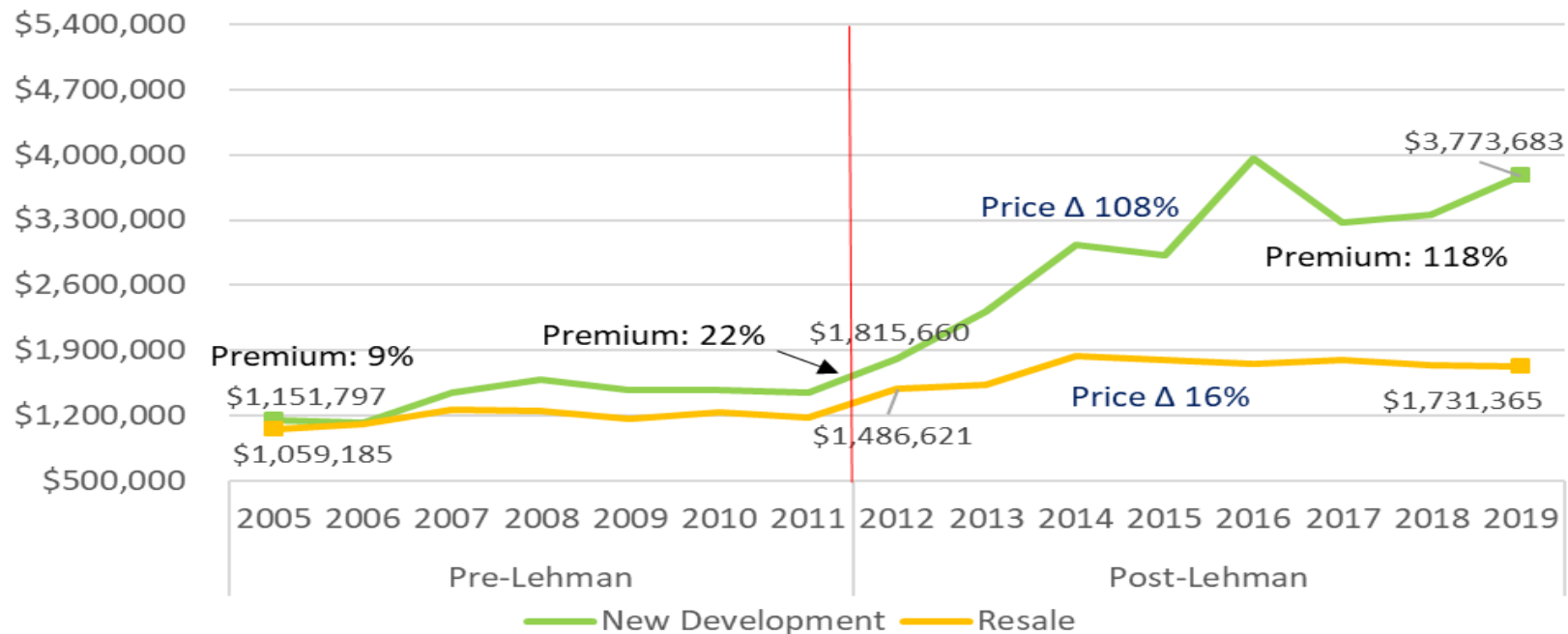


A Tale of Two Cycles

Weighted Average Prices for Studio Through Three Bedroom Units in Manhattan Attended Condominium Buildings for the New Development and Resale Markets



Pre-Lehman Period: 2005 – 2011
 New Development: Buildings built from 2001 to 2010
 Resale: Buildings built before 2001

Post-Lehman Period: 2012 to date
 New Development: Buildings built from 2011 to 2019
 Resale: Buildings built before 2011

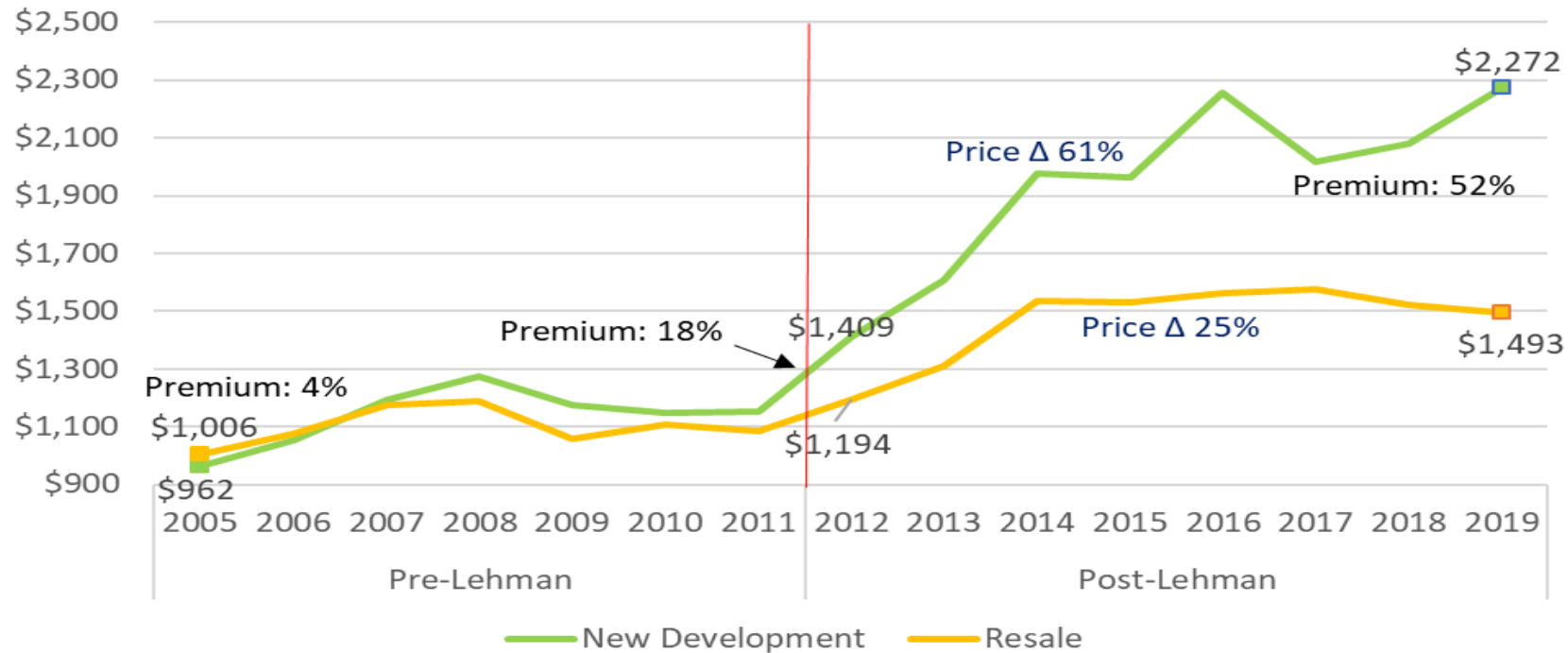
At the beginning of the pre-Lehman period, the average difference in price between new development units and resale units was only 9%. By 2012, the premium had risen to 22%. And, by the end of 2019, the premium was a whopping 118%. There were three main reasons for the magnitude of this change.

First, buildings began to compete on amenities to establish their luxury credentials. This drove up both price and carrying charges. Second, unit square footages grew larger, especially in the three and four-bedroom categories. Third, the super tall towers of Billionaire’s Row ushered in an era of ultimate luxury aimed at the wealthiest people in the world.

This pushed price as well as amenities and unit sizes.

The main observation from this comparison is the increase in new development pricing relative to the resale market.

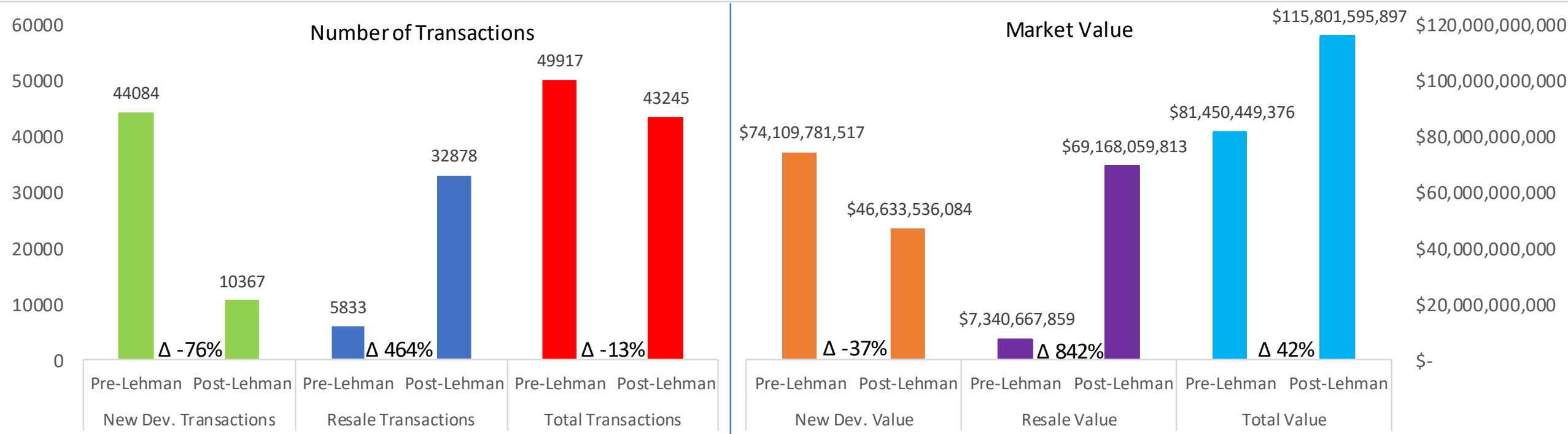
Weighted Average PSF for Studio Through Three Bedroom Units in Manhattan Attended Condominium Buildings for the New Development and Resale Markets



From a price per square foot perspective, by the end of 2019, the premium for new development over resale units was only 52%, while the growth in price was 118%, implying substantial growth in the average size of new development units as well as in their pricing.

The increase in size and price was primarily reflected in a larger percentage of three and four-bedroom units in new development mixes.

Manhattan Pre-Lehman and Post-Lehman, New Development vs. Resales Transaction Volume and Market Value



This chart looks at the cycles from the point of view of number of transactions. Post-Lehman, the number of new development transactions plunged by 76%. This decline is more impressive given the larger amount of new condominium inventory in the pre-Lehman cycle, 35,000 units compared to 15,000 units in the current cycle. The resale market benefited with a 464% increase in the number of transactions in the current cycle.

It is interesting to note that total transactions in both markets only declined 13% in the current cycle.

Anecdotal reports of the decline in investor activity of approximately 30% represent a lessening of their segment of activity only, not 30% of all transactions in the market. The very good news is the relatively steady level of demand, from the primary resident market.

From the point of view of total market value, the new development market shrank 37% while the resale market increased more than 800%. Despite the distress in the new development condominium market, total market value increased 42% in the later cycle. This total increase in value was the result of price increases in the resale market spurred by the new development values' astronomical rise.

Analysis of Unsold Inventory in Manhattan Attended Condominium Buildings that Came to Market Since 2015 by Neighborhood

Neighborhood	Total Units Since 2015	Total Units in Buildings with Closings	Total Units Sold in Buildings with Closings	2019 Sold PSF	Total Units in Pipeline	% of Unsold Units in Buildings with Closings
Civic Center	250	233	27	\$ 1,666	757	88%
Sutton Place	67	68	9	\$ 2,687	15	87%
West Chelsea	408	26	5	\$ 2,547	540	81%
Carnegie Hill	160	162	36	\$ 2,608	427	78%
Two Bridges	820	815	190	\$ 2,117	60	77%
Midtown West	557	114	35	\$ 1,935	31	69%
Upper East Side	17	17	6	\$ 3,097	225	65%
West Village	57	88	33	\$ 2,868	0	63%
Central Midtown	1752	523	209	\$ 4,821	772	60%
Turtle Bay	232	237	95	\$ 2,162	62	60%
Hudson Yards	745	285	115	\$ 2,841	0	60%
Upper West Side	621	567	263	\$ 2,264	37	54%
Tribeca	261	289	150	\$ 2,478	207	48%
Gramercy Park	592	446	233	\$ 2,201	0	48%
East Village	168	198	113	\$ 2,345	467	43%
Nolita	53	49	28	\$ 3,049	4	43%
NoMad	329	339	196	\$ 2,420	775	42%
Lincoln Square	1217	500	295	\$ 2,265	413	41%
East Harlem	148	148	88	\$ 1,305	90	41%
Midtown South	104	225	140	\$ 2,239	0	38%
Yorkville	357	485	302	\$ 2,038	478	38%
Noho	118	197	124	\$ 2,906	306	37%
Northern Manhattan	279	279	184	\$ 1,050	36	34%
Soho	536	203	138	\$ 2,324	389	32%
Lenox Hill	207	212	149	\$ 2,640	5	30%
Lower East Side	100	100	73	\$ 1,996	119	27%

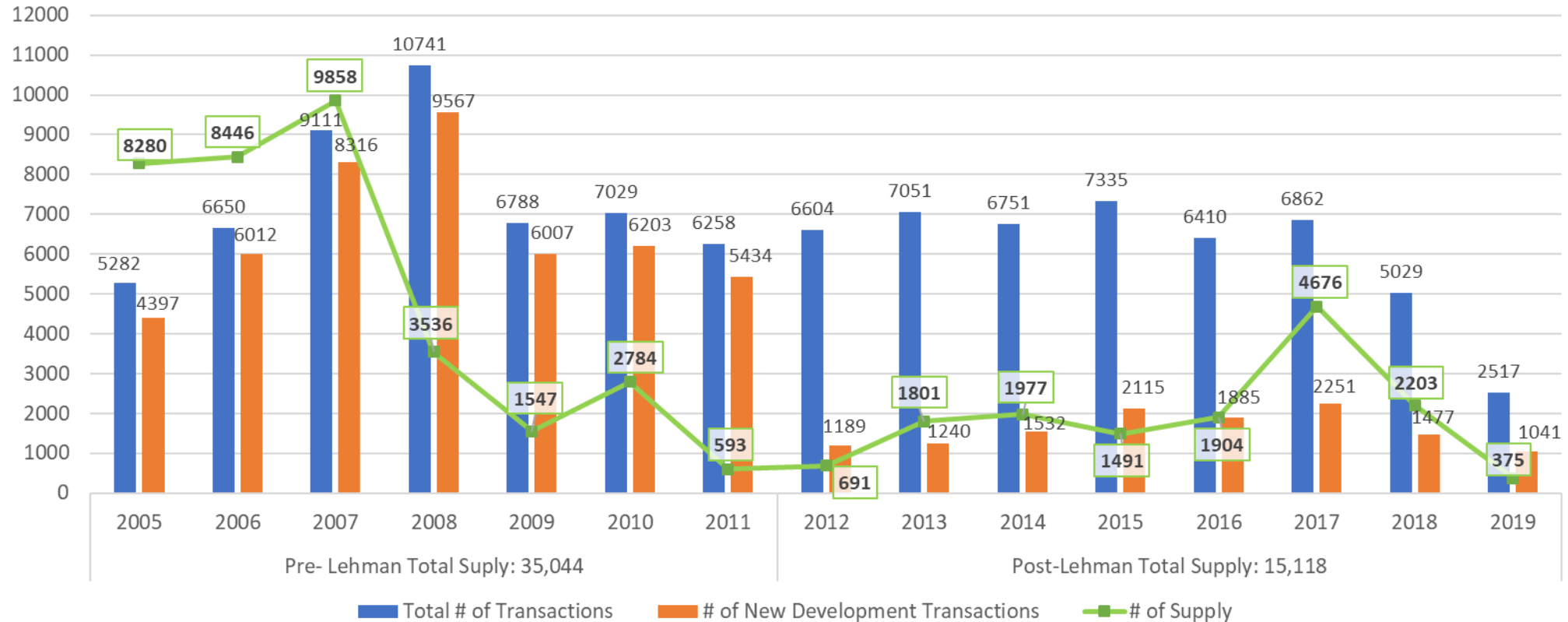
Analysis of Unsold Inventory in Manhattan Attended Condominium Buildings that Came to Market Since 2015 by Neighborhood (Continued)

Neighborhood	Total Units Since 2015	Total Units in Buildings with Closings	Total Units Sold in Buildings with Closings	2019 Sold PSF	Total Units in Pipeline	% of Unsold Units in Buildings with Closings
Financial District	443	80	61	\$ 2,124	150	24%
Murray Hill	624	74	58	\$ 1,848	10	22%
Flatiron	121	145	122	\$ 2,451	83	16%
Hell's Kitchen	364	310	267	\$ 1,691	0	14%
Greenwich Village	73	73	63	\$ 2,500	538	14%
Battery Park City	324	166	154	\$ 1,727	441	7%
Chelsea	60	59	56	\$ 2,148	36	5%
Fulton/Seaport	797	15	15	\$ 1,744	876	0%
Total/Weighted Avg	11852	7727	4032		8349	48%

This chart gives the percentage of unsold units in new development condo buildings that have begun closing by neighborhood. Neither the number of units that came to market in the

neighborhood, nor the price per square foot of the building, correlates to the percentage of unsold units. Only the year the building came to market correlates.

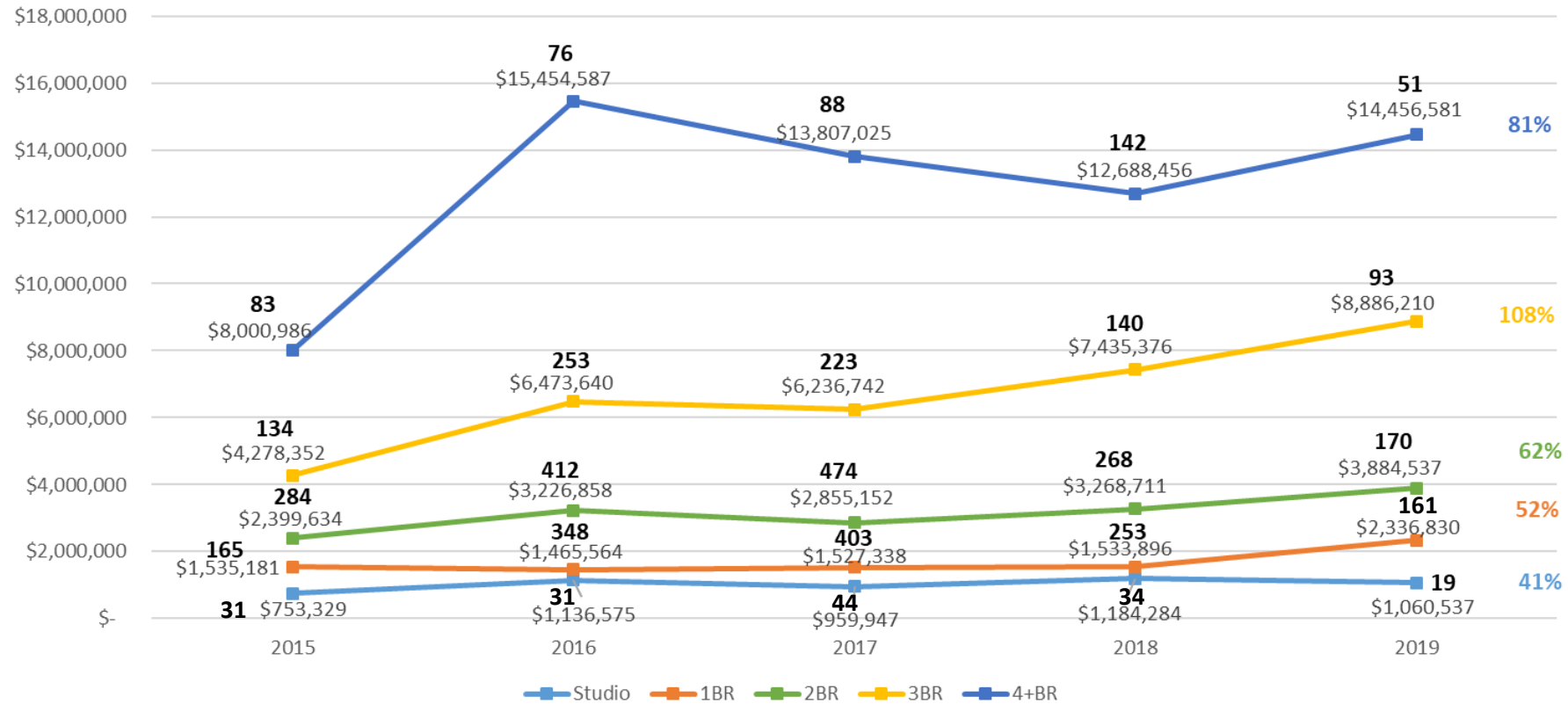
Transactions and New Supply in Manhattan Condominium Buildings in Pre-Lehman and Post-Lehman Period



This chart explores whether annual new supply was complicit in the market slowdown. How supply can affect transactions is by convincing the buyer that there is no urgency and by extending the time needed for a thorough evaluation of the market. It is easy to see that 2017, the year of the

greatest amount of new supply to the market, was also the year of the second highest number of all transactions and the highest number of new development transactions. Further confirmation that supply was not the culprit comes from 2018 and 2019 when new supply dropped as well as number of transactions.

Average Transaction Prices and Number of Transactions in Manhattan Attended Condominium Buildings that Came to Market Since 2015

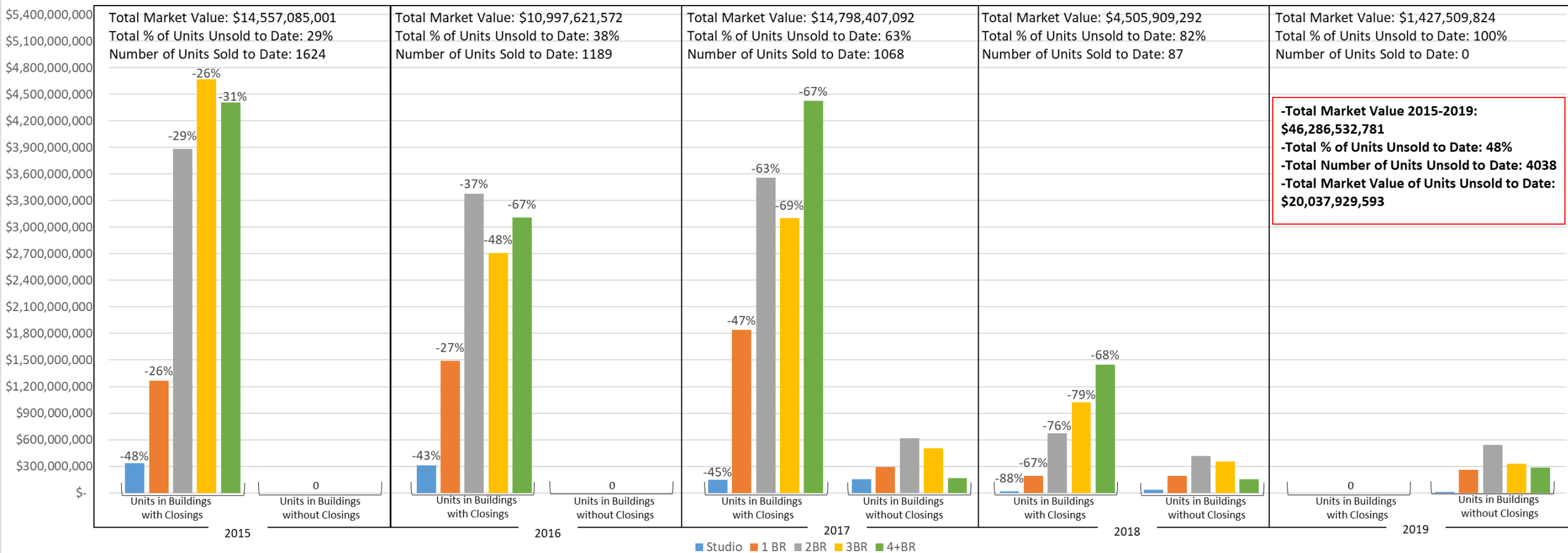


1. Bold numbers represent number of transactions in buildings that came to market since 2015
2. Numbers below represent average prices in buildings that came to market since 2015

	2015	2016	2017	2018	2019	
Building with Closings	33	61	87	99	88	-
Transactions	697	1120	1232	837	494	-
Buidings with Positive Price Δ	-	13	37	36	36	-
Buidings with Negative Price Δ	-	17	18	37	38	-
Weighted Average Price Δ	-	33%	-10%	32%	7%	68%

All average transaction prices by unit type have increased since 2015, with the largest increases in the larger unit types despite the slowdown in the market.

Total Market Value of Units in Manhattan Attended Condominium Buildings that Came to Market Since 2015



1. Percentages on top represent unsold units by unit type in the buildings that have begun closing.
2. Values of units in buildings without closings are based on asking prices reported in offering plans.

These are two important observations from these charts: the steep drop off in the number of condo units delivered to market in Manhattan in 2018 and 2019 and the total unsold units to date in buildings that came to market since 2015, 48%.