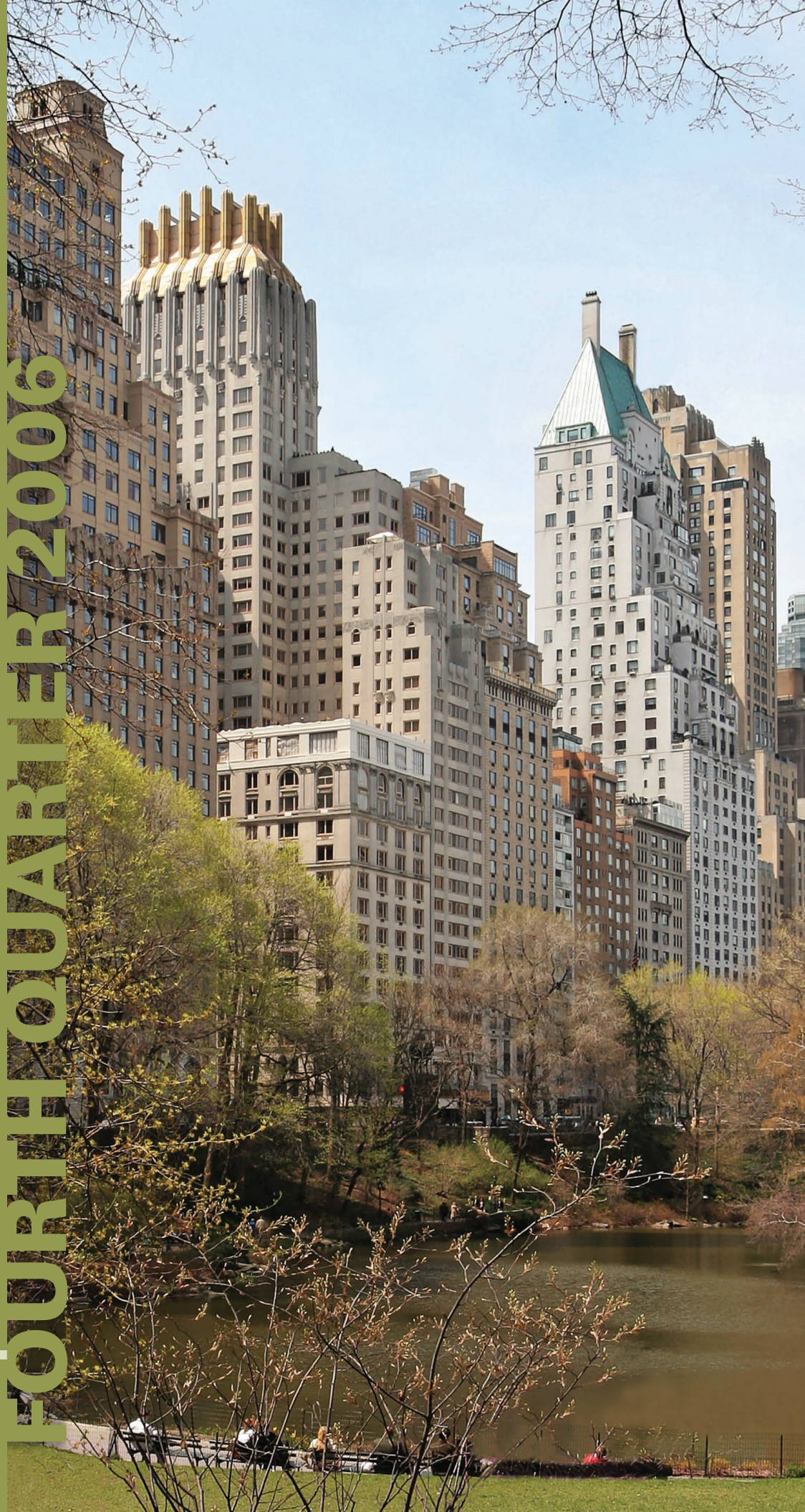


FOURTH QUARTER 2006

QUARTERLY
MARKET
REPORT



A new record was set for the median price of Manhattan apartments during the fourth quarter which, at \$760,000, was 9% higher than a year ago. At \$1,144,063, the average price for apartments sold was up 5% from 2005's fourth quarter. As economic growth in the City has accelerated, demand for housing has remained strong. Recent declines in 30-year mortgage rates combined with a projected record of \$23.9 billion in Wall Street bonuses should keep demand strong in the months to come.



The average sale price of \$953,120 for cooperative apartments was 3% higher than during 2005's fourth quarter, led by sharp increases in prices of larger co-ops. The average price rose 59% over the past year for four-bedroom and larger co-ops, due in part to increased sales of luxury apartments and a very weak number a year ago.



Although the overall average price for condominium sales fell slightly from the fourth quarter of 2005, growth was seen in prices of smaller units. The average price rose 11% for studio condos and 7% for one-bedrooms during this time.

AVERAGE AND MEDIAN SALE PRICE

All Apartments



AVERAGE SALE PRICE

Cooperatives

	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4+Bedroom	All
4th Quarter 06	\$362,748	\$602,090	\$1,236,601	\$2,642,118	\$6,178,656	\$953,120
3rd Quarter 06	\$360,053	\$615,229	\$1,249,900	\$2,845,196	\$4,821,935	\$1,003,945
2nd Quarter 06	\$361,176	\$622,165	\$1,562,758	\$3,024,527	\$5,875,424	\$1,257,571
1st Quarter 06	\$353,137	\$622,519	\$1,363,909	\$3,098,147	\$5,885,127	\$1,159,130
4th Quarter 05	\$340,981	\$578,350	\$1,261,933	\$2,309,711	\$3,889,000	\$921,791

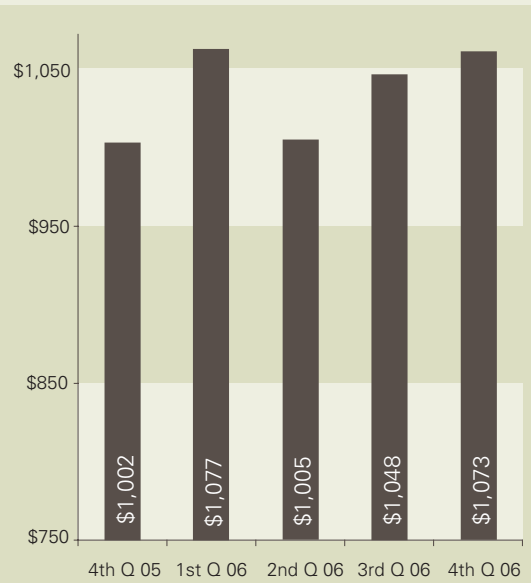
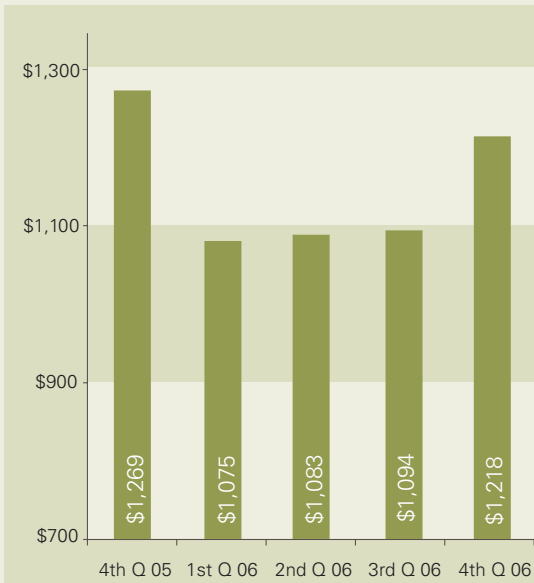
Condominiums

	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4+Bedroom	All
4th Quarter 06	\$499,609	\$837,887	\$1,594,890	\$3,204,207	\$5,814,566	\$1,320,356
3rd Quarter 06	\$504,055	\$797,779	\$1,483,365	\$2,586,133	\$6,132,941	\$1,196,931
2nd Quarter 06	\$457,276	\$766,910	\$1,508,314	\$3,025,415	\$5,287,053	\$1,171,972
1st Quarter 06	\$472,466	\$753,936	\$1,429,517	\$3,316,851	\$7,300,586	\$1,384,932
4th Quarter 05	\$448,286	\$786,639	\$1,732,571	\$3,202,206	\$5,656,107	\$1,333,348

AVERAGE PRICE PER SQUARE FOOT

New Construction and Conversions*

Lofts



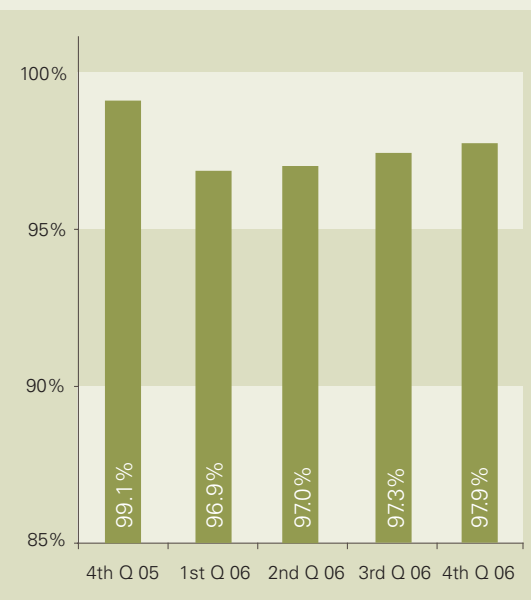
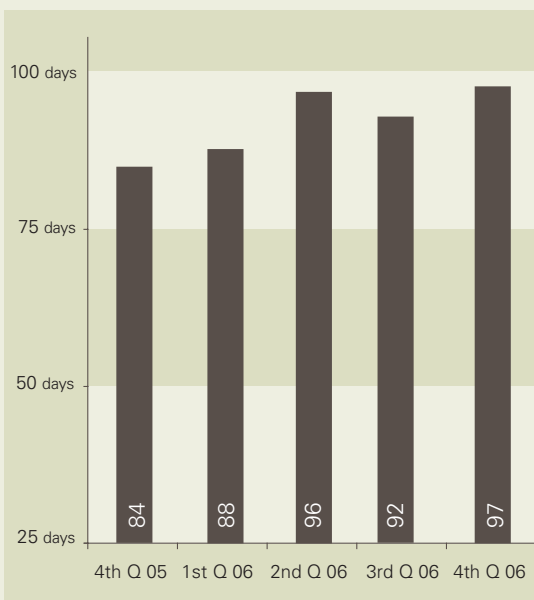
*Includes apartments added to the market since the beginning of 2004.

Although up sharply from the prior quarter, the average price per square foot for apartments in new developments fell 4% from a year ago to \$1,218. Loft prices continued to rise, as their average price of \$1,073 per square foot was 7% higher than during 2005's fourth quarter.



TIME ON THE MARKET*

ASKING VS. SELLING PRICE*



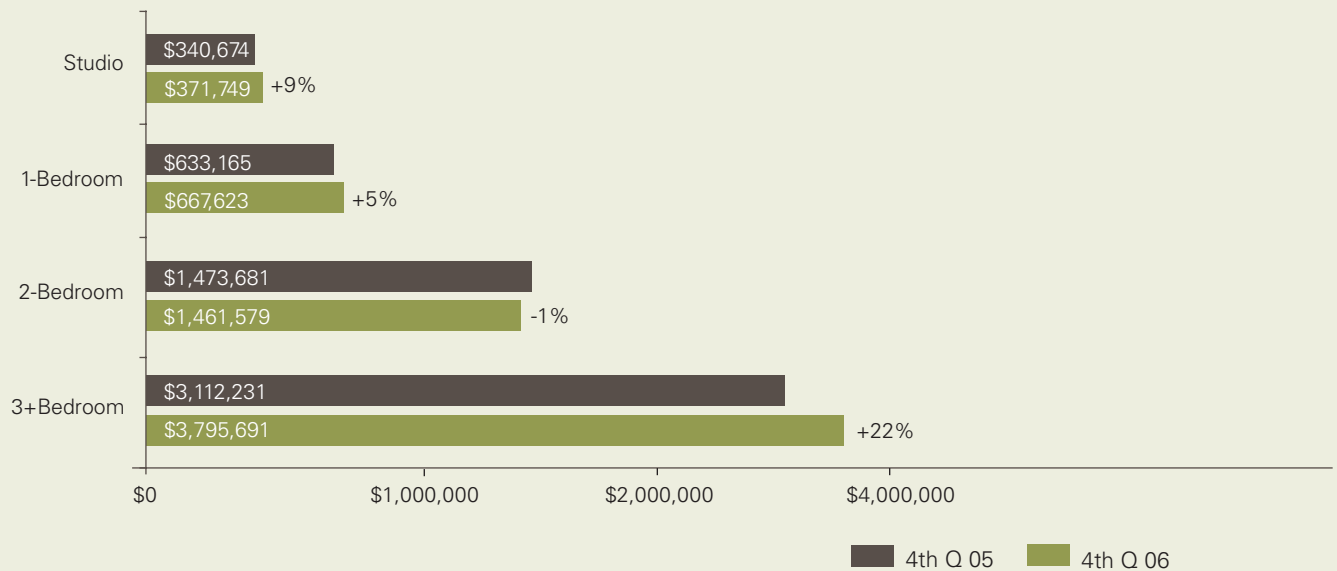
*Excludes new developments and units listed over nine months.

*Excludes new developments.

Apartments sold during the fourth quarter spent an average of 97 days on the market, up 15% from a year ago. Sellers received 97.9% of the asking price for their apartments, which was down from 99.1% a year ago.

The average price rose 22% for three-bedroom and larger apartments on the East Side from the fourth quarter of 2005. Also showing strength in this market were studios, whose average price of \$371,749 was 9% higher than a year ago. While the median price rose sharply for apartments located on Fifth Avenue, this is mainly due to an abnormally low number a year ago.

AVERAGE SALE PRICE



MEDIAN PRICE

SELECTED MARKET AREAS	ALL APARTMENTS		COOPERATIVE		CONDOMINIUM	
	Median Sale Price		Median Price per Room		Median Price per Sq. Ft.	
	4th Q 05	4th Q 06	4th Q 05	4th Q 06	4th Q 05	4th Q 06
Fifth Ave., 59th-96th St.	\$1,375,000	\$3,125,000	\$300,000	\$527,917	*	*
Park Ave., 59th-96th St.	\$2,025,000	\$1,866,250	\$393,750	\$364,542	*	*
Between Fifth and Lexington Ave., 59th-79th St.	\$1,497,000	\$1,110,000	\$283,889	\$225,000	*	*
80th-96th St.	\$1,275,000	\$990,550	\$242,222	\$275,000	*	*
Lexington Ave. to the East River, 59th-79th St.	\$695,000	\$637,250	\$181,667	\$180,000	\$1,095	\$1,117
80th-96th St.	\$610,000	\$650,000	\$157,250	\$158,400	\$926	\$949
Midtown East, 34th-58th St. **	\$710,000	\$722,500	\$175,000	\$176,789	\$1,062	\$1,230

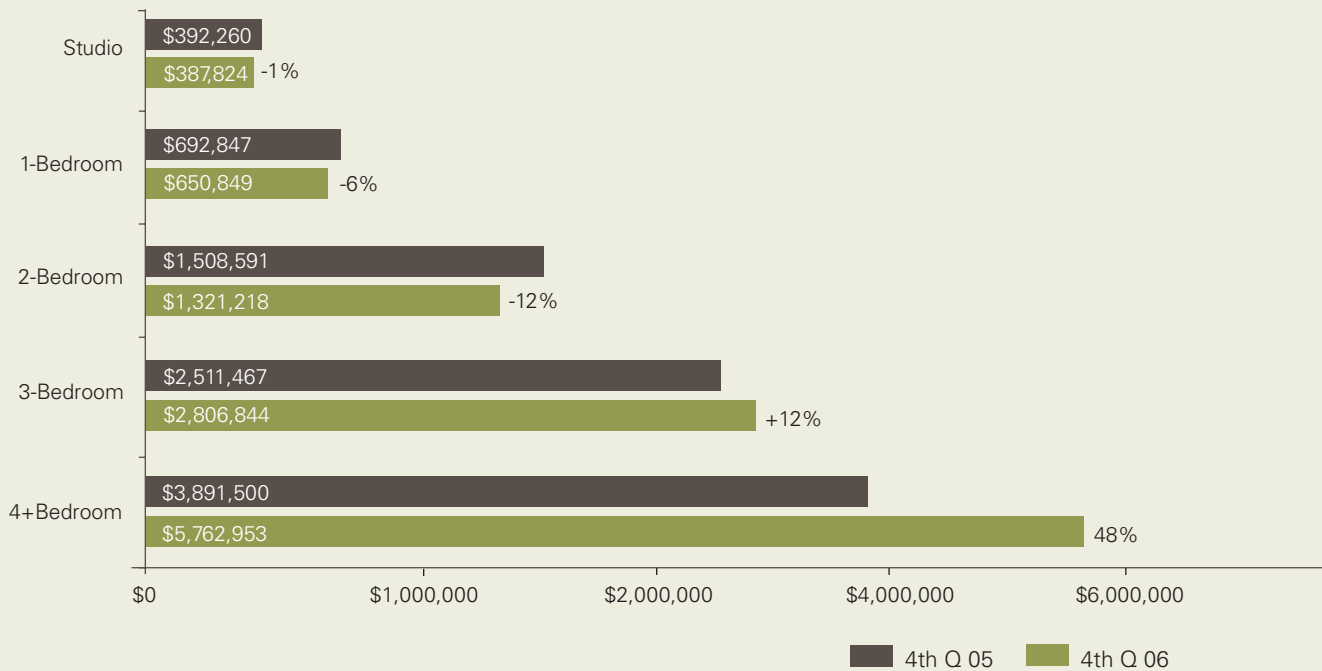
*There were not enough sales for a valid comparison.

** Not included in overall East Side data.

WEST SIDE

Larger apartments posted the biggest price gains over the past year on the West Side, led by a 48% jump in the average price for four-bedroom and larger units. The average price also rose 12% during this time for three-bedrooms, to \$2,806,844. Apartments on West End Avenue showed particular strength over the past year, as their median price rose 13% to \$675,000. While there was a substantial decline in the median price for units on Riverside Drive/Boulevard, this is due primarily to a very strong quarter a year ago as many units closed at 240 Riverside Boulevard. The activity at this new development in the fourth quarter of 2005 helped push the median price to an abnormally high level.

AVERAGE SALE PRICE



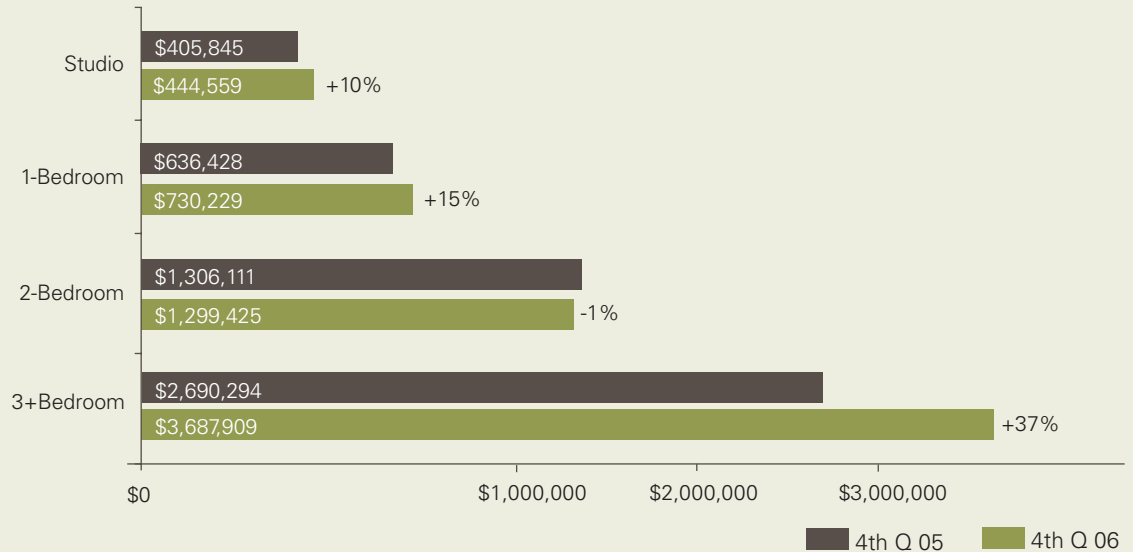
MEDIAN PRICE

SELECTED MARKET AREAS	ALL APARTMENTS		COOPERATIVE		CONDOMINIUM	
	Median Sale Price		Median Price per Room		Median Price per Sq. Ft.	
	4th Q 05	4th Q 06	4th Q 05	4th Q 06	4th Q 05	4th Q 06
Riverside Drive/Boulevard, 59th-116th St.	\$1,250,000	\$940,000	\$262,633	\$207,143	\$1,185	\$1,112
West End Ave., 59th-105th St.	\$599,000	\$675,000	\$173,750	\$187,500	*	*
Between CPW and Columbus Ave., 59th-110th St.	\$749,000	\$700,000	\$240,708	\$196,944	\$1,094	\$1,147
Columbus Ave. to East of WEA, 59th-86th St.	\$899,000	\$790,562	\$199,778	\$193,750	\$1,099	\$1,134
87th-110th St.	\$669,000	\$763,500	\$167,250	\$154,571	\$1,022	\$1,013
Between Riverside Drive and WEA, 59th-110th St.	\$549,000	\$600,000	\$177,778	\$174,464	*	*

*There were not enough sales for a valid comparison.

Recent closings at 50 Gramercy Park North helped raise the average price for three-bedroom and larger apartments Downtown, which is up 37% compared to a year ago. The average price for one-bedroom and studio apartments in the market rose 15% and 10% respectively during this time.

AVERAGE SALE PRICE



MEDIAN PRICE

Prices in Battery Park City have risen sharply over the past year, as the median price of \$624,000 was 19% higher than during the fourth quarter of 2005.

SELECTED MARKET AREAS	ALL APARTMENTS		COOPERATIVE		CONDOMINIUM	
	Median Sale Price		Median Price per Room		Median Price per Sq. Ft.	
	4th Q 05	4th Q 06	4th Q 05	4th Q 06	4th Q 05	4th Q 06
Chelsea/Flatiron	\$699,000	\$735,000	\$199,600	\$198,333	\$1,091	\$1,106
Gramercy Park	\$537,500	\$535,000	\$183,333	\$175,000	*	*
Greenwich/East Village	\$725,000	\$700,000	\$216,333	\$195,000	*	*
West Village	\$585,000	\$578,377	\$187,500	\$188,750	\$1,415	\$1,220
Battery Park City	\$523,000	\$624,000	*	*	\$829	\$861

*There were not enough sales for a valid comparison.

Lofts

Lofts located in the Chelsea/Flatiron market sold for a median of \$1,842,500 last quarter, a 12% improvement from a year ago.

SELECTED MARKET AREAS	LOFT			
	Median Sale Price		Median Price per Sq. Ft.	
	4th Q 05	4th Q 06	4th Q 05	4th Q 06
Chelsea/Flatiron	\$1,650,000	\$1,842,500	\$889	\$1,178
Greenwich/East/West Village	\$1,195,000	\$1,250,000	\$1,016	\$1,114
Noho/Soho	\$1,887,500	\$1,625,000	\$1,011	\$1,176
Tribeca	\$1,912,500	\$1,847,500	\$999	\$993

INVENTORY REPORT

Number of New Listings

EAST SIDE	4th Q 05	3rd Q 06	4thQ 06	12-month Change
Studio	98	110	103	5%
One-Bedroom	311	290	432	39%
Two-Bedroom	278	248	321	15%
Three-Bedroom	103	106	123	19%
Four-Bedroom & Larger	57	41	46	-19%

WEST SIDE	4th Q 05	3rd Q 06	4thQ 06	12-month Change
Studio	89	72	63	-29%
One-Bedroom	270	287	269	0%
Two-Bedroom	222	265	225	1%
Three-Bedroom	92	97	115	25%
Four-Bedroom & Larger	43	35	59	37%

DOWNTOWN	4th Q 05	3rd Q 06	4thQ 06	12-month Change
Studio	123	176	200	63%
One-Bedroom	377	363	432	15%
Two-Bedroom	254	275	272	7%
Three-Bedroom	111	99	171	54%
Four-Bedroom & Larger	26	23	25	-4%
Lofts	360	290	239	-34%

Data is provided by ValuExchange, a proprietary database that contains the transactions of all Terra Holdings companies and is the largest known survey of the Manhattan residential real estate market. This report is based on 2,364 sales.

Gregory Heym is the Chief Economist for Halstead Property, LLC, and serves on New York City's Economic Advisory Panel. For the past 10 years, he has covered the residential real estate market. Mr. Heym was the author of the Real Estate Board of New York's Cooperative and Condominium Sales Reports prior to joining Halstead Property. His academic background includes a B.S. in Economics from St. John's University and an M.B.A. from Hofstra University.



PREPARED BY

Gregory Heym

CHIEF ECONOMIST, Halstead Property, LLC



New listings grew 21% in the East Side market over the past year, led by a 39% increase in one-bedrooms. The only size category to add less listings than 2005's fourth quarter were four-bedroom and larger apartments, which added 19% fewer listings during this time.



There were 2% more apartments added to the West Side market than during 2005's fourth quarter, led by a 37% increase in the number of four-bedroom and larger apartments entering the market. A 29% decline in the number of studios placed on the market helped offset gains in every other size category over the past year.



A 63% jump in new listings of studio apartments helped bring total new listings Downtown to 1,100, 23% higher than during 2005's fourth quarter. With the exception of four-bedroom and larger units, every other size category added more apartments to the market than a year ago. New loft listings fell 34% from the fourth quarter of 2005, as only 239 lofts were placed on the market.

**East Side**

1356 Third Avenue
New York, NY 10021
212.734.0010

West Side

408 Columbus Avenue
New York, NY 10024
212.769.3000

Village

831 Broadway
New York, NY 10003
212.253.9300

SoHo

451 West Broadway
New York, NY 10012
212.475.4200

Midtown

770 Lexington Avenue
New York, NY 10021
212.317.7800

Harlem

175 Lenox Avenue
New York, NY 10026
212.381.2203

Brooklyn Heights

150 Montague Street
Brooklyn, NY 11201
718.613.2000

Cobble Hill

162 Court Street
Brooklyn, NY 11201
718.613.2020

Riverdale

3531 Johnson Avenue
Riverdale, NY 10463
718.878.1700

Hudson Valley

315 Warren Street
Hudson, NY 12534
518.828.0181

Development Marketing

831 Broadway
New York, NY 10003
212.381.4203

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212.381.6521

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