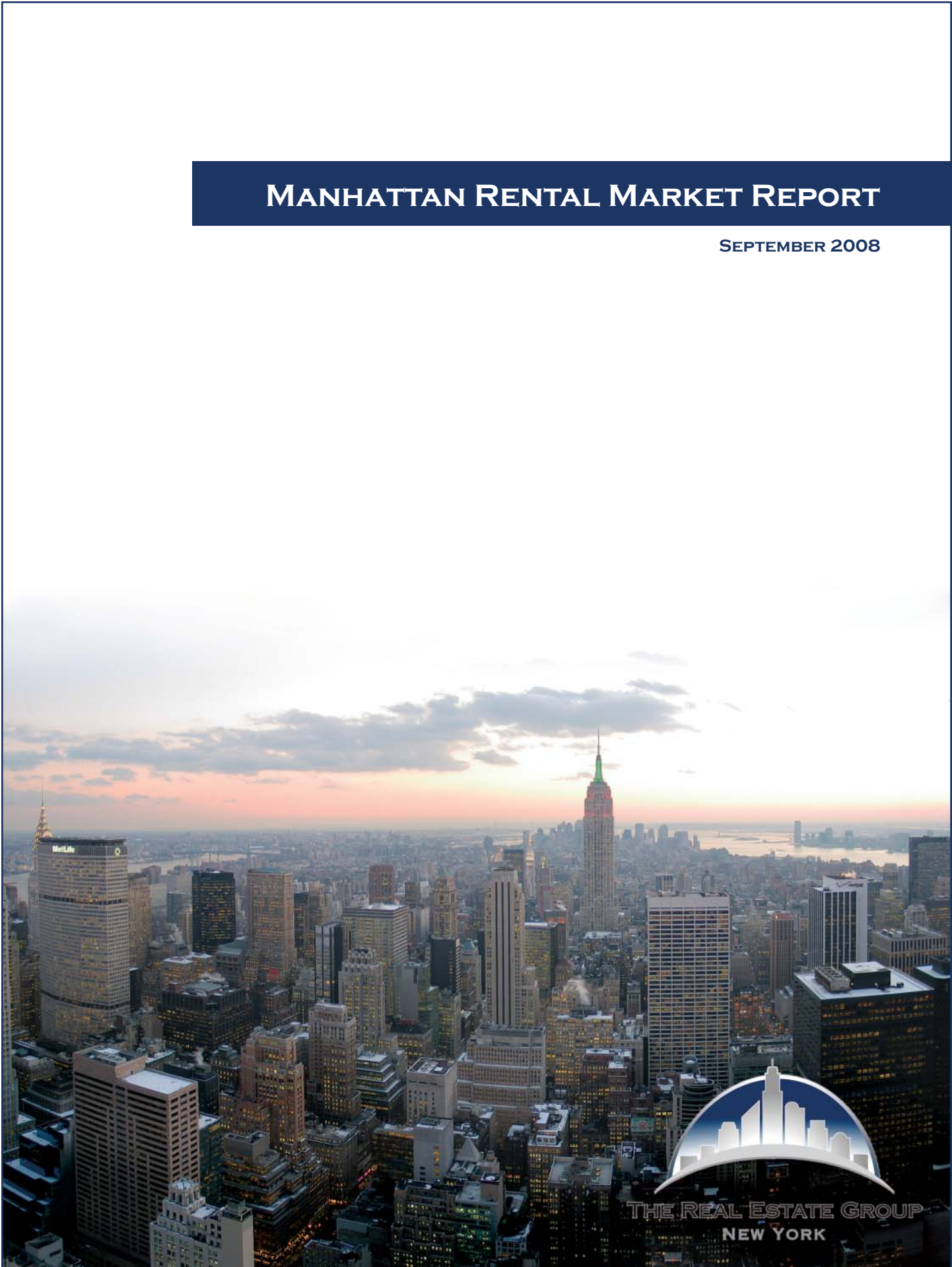


MANHATTAN RENTAL MARKET REPORT

SEPTEMBER 2008



THE REAL ESTATE GROUP
NEW YORK

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LETTER FROM OUR CHIEF OPERATING OFFICER



On behalf of The Real Estate Group, I am pleased to present the September 2008 edition of our Manhattan Rental Market Report, the only research on the city's rental rates published on a monthly basis.

Once again the Manhattan market never ceases to amaze me. At a time when the financial markets seem to be in turmoil, unemployment is on the rise, and the housing market is in jeopardy of an even more serious slow down, the rental market appears to be bucking seasonality trends and possibly starting to gain footing.

This year, the summer upswing that we would normally expect to see was absent, making September's gains appear as a rebound. And while August's slump questioned a link between the sales and rental markets, it seems the rental market is finally seeing a benefit from sluggish sales.

As Congress debates a credit market fix, Manhattan property owners have created their own "rental market fix." Making a concerted effort to lower vacancies and prices, inventories have fallen for the second consecutive month. This much needed correction is giving Manhattan a fresh breath of stability, which is good news for both renters and property owners alike.

Even with this good news however, I would caution property owners to remain conservative with asking rents. As we move into the fourth quarter, which historically has been the slowest time for the rental market, property owners should proceed with caution to avoid sending inventory levels rising again.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Baum". The signature is fluid and cursive, written in a professional style.

Daniel Baum, C.O.O.
The Real Estate Group

A QUICK LOOK

NON-DOORMAN BUILDINGS (AVERAGE PRICES)		
	Most Expensive	Least Expensive
Studios	TriBeCa \$2,905	Harlem \$1,324
One-bedrooms	TriBeCa \$4,390	Harlem \$1,716
Two-bedrooms	TriBeCa \$6,926	Harlem \$2,347

DOORMAN BUILDINGS (AVERAGE PRICES)		
	Most Expensive	Least Expensive
Studios	TriBeCa \$2,853	Harlem \$1,359
One-bedrooms	SoHo \$4,981	Harlem \$1,903
Two-bedrooms	SoHo \$7,013	Harlem \$2,722

Greatest Changes Since August:

Non-doorman studios – Midtown East – **Down 6.54%** (\$137)

Non-doorman one-bedrooms – TriBeCa – **Up 7.44%** (\$304)

Non-doorman two-bedrooms – Gramercy Park – **Up 6.21%** (\$233)

Doorman studios – Harlem – **Up 5.02%** (\$65)

Doorman one-bedrooms – Harlem – **Up 7.51%** (\$133)

Doorman two-bedrooms – Upper West Side – **Up 3.68%** (\$203)

Year-over-year Changes*:

MANHATTAN NON-DOORMAN RENTS: SEPTEMBER '07 VS. SEPTEMBER '08			
	September '07	September '08	Change
Studios	\$2,167	\$2,160	-0.33%
One-bedrooms	\$3,036	\$2,904	-4.34%
Two-bedrooms	\$4,151	\$3,992	-3.82%

MANHATTAN DOORMAN RENTS: SEPTEMBER '07 VS. SEPTEMBER '08			
	September '07	September '08	Change
Studios	\$2,780	\$2,584	-7.04%
One-bedrooms	\$3,881	\$3,756	-3.22%
Two-bedrooms	\$5,778	\$5,729	-0.84%

* Year-over-year comparison does not include Harlem data

A QUICK LOOK

Notable Trends:

The rental market is mixed as the sluggish fourth quarter moves in—Compared to August, non-doorman apartments were slightly up or flat, while doorman apartments continued to fall. In a year-over-year comparison, September '08 prices were lower for all unit sizes, dropping by as much as 7.04% for doorman studios. Non-doorman one-bedrooms also saw a significant decline of 4.34% from 2007 prices.

Inventories continue to stabilize — Decreasing prices have significantly forced inventory levels down this month from the high inventory levels we had previously seen this year; continuing to show that prices and vacancies are mutually inclusive; whatever prices do, inventories will follow.

Harlem rents back on the rise — After taking hits earlier this year, Harlem rents are up this month. The largest gains were seen in doorman one-bedroom units which increased by 7.51% and doorman studios which increased 5.02%.

Where Prices Decreased:

Upper West Side—↓ Non-doorman one-bedrooms (7.00%)

Upper East Side—↓ Non-doorman studios (0.60%), doorman studios (2.21%), non-doorman one-bedrooms (0.21%), doorman two-bedrooms (0.65%)

Midtown West—↓ Non-doorman studios (0.2%), doorman two-bedrooms (1.24%)

Midtown East—↓ Non-doorman studios (6.54%), doorman studios (2.22%), non-doorman two-bedrooms (2.23%)

Murray Hill—↓ Non-doorman studios (2.34%), doorman studios (0.46%), non-doorman one-bedrooms (2.65%), doorman one-bedrooms (1.44%), doorman two-bedrooms (3.48%)

Chelsea—↓ Doorman two-bedrooms (2.35%)

Gramercy Park—↓ Non-doorman studios (3.38%), non-doorman one-bedrooms (1.88%), doorman one-bedrooms (2.58%)

Greenwich Village—↓ Doorman studios (0.89%), doorman one-bedrooms (1.17%), non-doorman two-bedrooms (1.69%), doorman two-bedrooms (2.20%)

East Village—↓ Non-doorman studios (5.04%), doorman two-bedrooms (0.75%)

SoHo—↓ Doorman studios (1.2%), non-doorman one-bedrooms (0.7%), doorman one-bedrooms (1.56%), non-doorman two-bedrooms (2.48%), doorman two-bedrooms (0.6%)

A QUICK LOOK

Lower East Side—↓ Non-doorman studios (0.9%), doorman studios (4.13%), doorman one-bedrooms (7.01%), non-doorman two-bedrooms (4.48%), doorman two-bedrooms (3.61%)

Financial District—↓ Doorman studios (0.15%), doorman one-bedrooms (2.31%), non-doorman two-bedrooms (4.18%), doorman two-bedrooms (2.11%)

Battery Park City—↓ Doorman studios (3.51%), doorman one-bedrooms (2.06%)

Where Prices Increased:

Harlem—↑ Non-doorman studios (1.3%), doorman studios (5.02%), non-doorman one-bedrooms (2.51%), doorman one-bedrooms (7.51%), non-doorman two-bedrooms (4.87%), doorman two-bedrooms (3.42%)

Upper West Side—↑ Non-doorman studios (3.07%), doorman studios (0.46%), doorman one-bedrooms (0.69%), non-doorman two-bedrooms (0.86%), doorman two-bedrooms (3.68%)

Upper East Side—↑ Doorman one-bedrooms (1.94%), non-doorman two-bedrooms (4.45%)

Midtown West—↑ Doorman studios (2.42%), non-doorman one-bedrooms (1%), doorman one-bedrooms (0.67%), non-doorman two-bedrooms (1.57%)

Midtown East—↑ Non-doorman one-bedrooms (6.07%), doorman one-bedrooms (1.5%), doorman two-bedrooms (2.39%)

Murray Hill—↑ Non-doorman two-bedrooms (1.87%)

Chelsea—↑ Non-doorman studios (1.84%), doorman studios (2.34%), non-doorman one-bedrooms (2.45%), doorman one-bedrooms (1.51%), non-doorman two-bedrooms (3.44%)

Gramercy Park—↑ Doorman studios (.51%), non-doorman two-bedrooms (6.21%), doorman two-bedrooms (1.55%)

Greenwich Village—↑ Non-doorman studios (4.07%), non-doorman one-bedrooms (3.76%)

East Village—↑ Doorman studios (2.83%), non-doorman one-bedrooms (3.56%), doorman one-bedrooms (1%), non-doorman two-bedrooms (1.52%)

SoHo—↑ Non-doorman studios (2.58%)

Lower East Side—↑ Non-doorman one-bedrooms (5.24%)

A QUICK LOOK

TriBeCa—↑ Non-doorman studios (2.14%), doorman studios (1.49%), non-doorman one-bedrooms (7.44%), doorman one-bedrooms (4.42%), non-doorman two-bedrooms (3.17%), doorman two-bedrooms (2.97%)

Financial District—↑ Non-doorman studios (4.05%), non-doorman one-bedrooms (3.05%)

Battery Park City—↑ Doorman two-bedrooms (0.97%)

Tips for Renters:

Battery Park City one-bedrooms have become an even better deal. Doorman one-bedrooms in Battery Park City have continued to fall this month and are now at their lowest point since January 2007. As rents continue to decline, the gap is closing between Battery Park City and Harlem, where rents actually increased this month, in terms of affordability. This month Battery Park City one-bedroom rents dropped 2.06% to \$3,225.

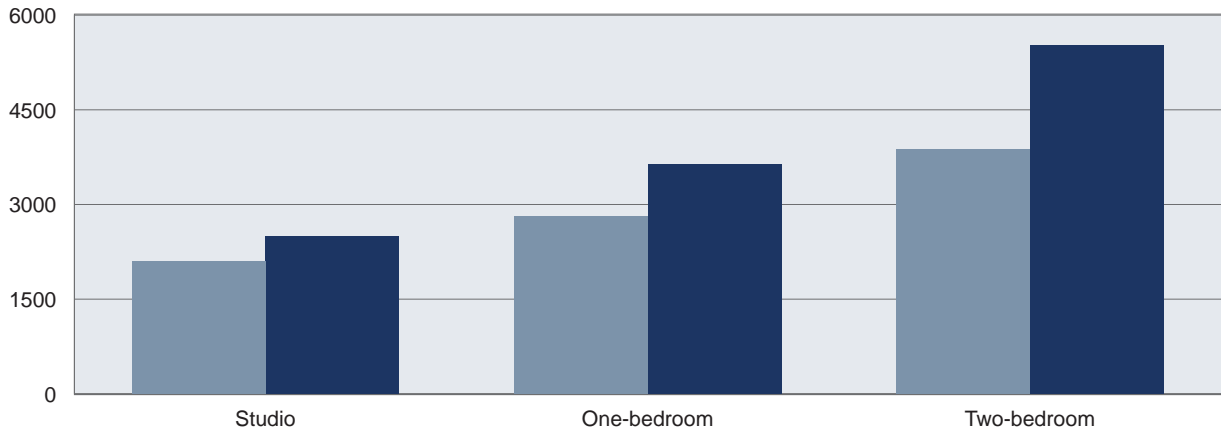
Bargains now come with service on the Lower East Side. The Lower East Side may be shedding its bargain basement identity, but if you are looking for service, rents continue to fall on the Lower East Side. Prices for doorman units in all sizes are down on the Lower East Side. Doorman studios have fallen 4.13%, doorman one-bedroom units 7.01% and doorman two-bedrooms 3.61%, bringing rents down to more stable levels after reaching their high points earlier this year.

Upper East Side - affordable for singles? What has often been the symbol of the most expensive real estate in Manhattan, the Upper East Side, may now be a value for singles looking for studio apartments. Non-doorman studios have fallen .6%, making them the second most affordable option in Manhattan at \$1,812. This is a 4.88% decrease from their September '07 prices.

MEAN MANHATTAN RENTAL PRICES

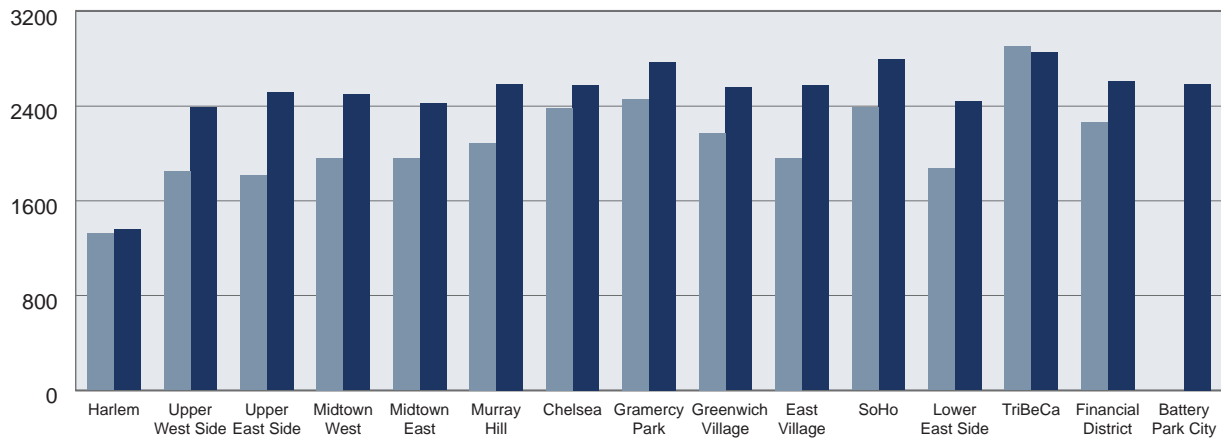
The Mean Rental Price graphs illustrate average monthly rents for studios, one-bedrooms and two-bedrooms in doorman and non-doorman buildings for the month of September 2008. Graphs tracking citywide and neighborhood price changes over a rolling 13-month period follow.

September 2008* Mean Manhattan Rental Prices



■ Doorman	2,503	3,633	5,529
■ Non-doorman	2,100	2,820	3,875

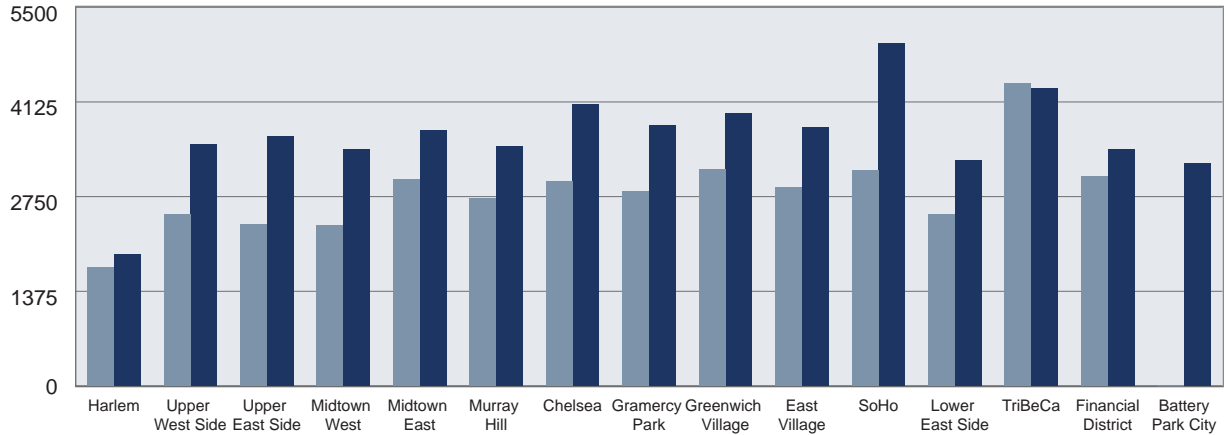
September 2008* Mean Studio Rental Prices



■ Doorman	1,359	2,388	2,518	2,500	2,422	2,586	2,579	2,774	2,557	2,576	2,796	2,439	2,853	2,606	2,587
■ Non-doorman	1,324	1,849	1,812	1,961	1,958	2,088	2,385	2,461	2,173	1,961	2,388	1,876	2,905	2,261	-

MEAN MANHATTAN RENTAL PRICES

September 2008* Mean One-bedroom Rental Prices

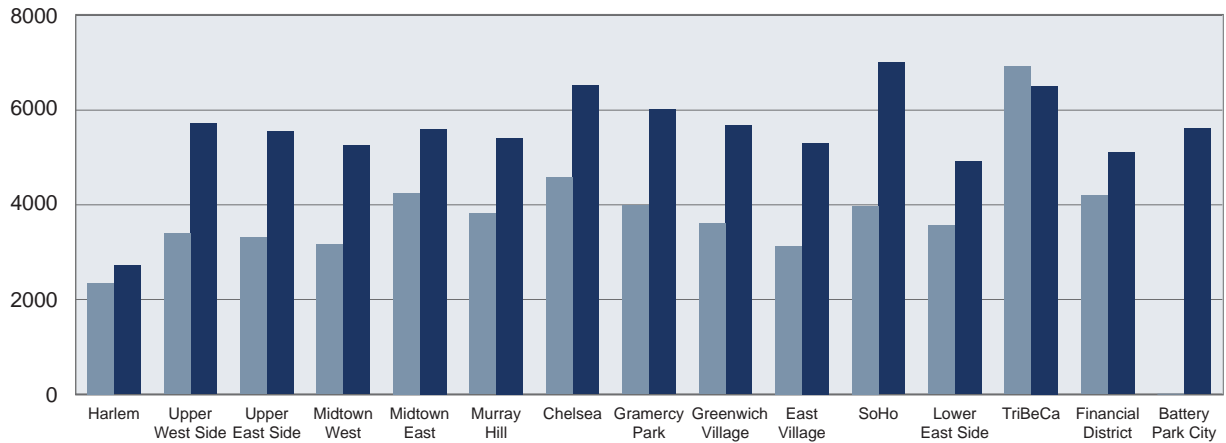


■ Doorman

■ Non-doorman

1,903	3,505	3,626	3,435	3,718	3,483	4,089	3,778	3,963	3,754	4,981	3,277	4,323	3,429	3,225
1,716	2,497	2,347	2,329	3,006	2,717	2,974	2,820	3,142	2,879	3,126	2,489	4,390	3,041	-

September 2008* Mean Two-bedroom Rental Prices



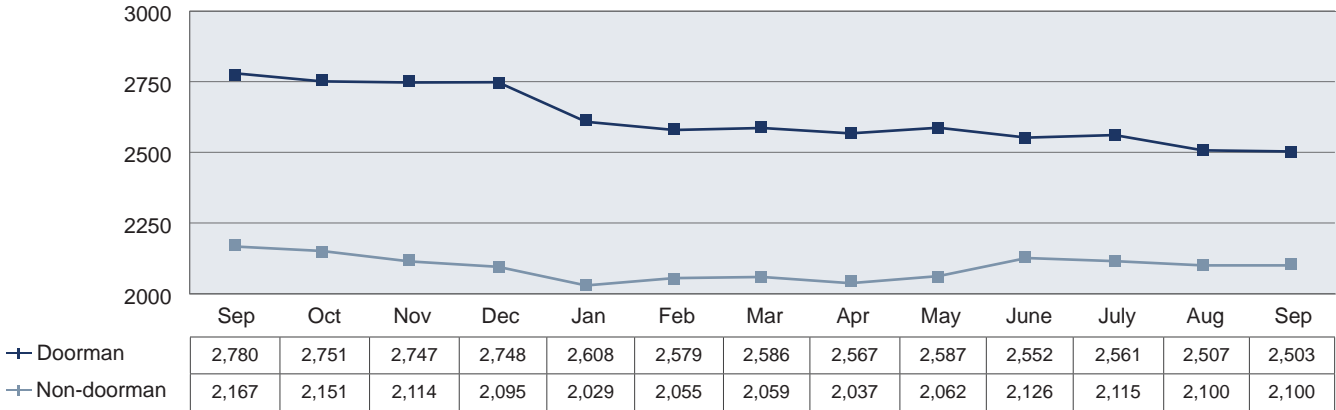
■ Doorman

■ Non-doorman

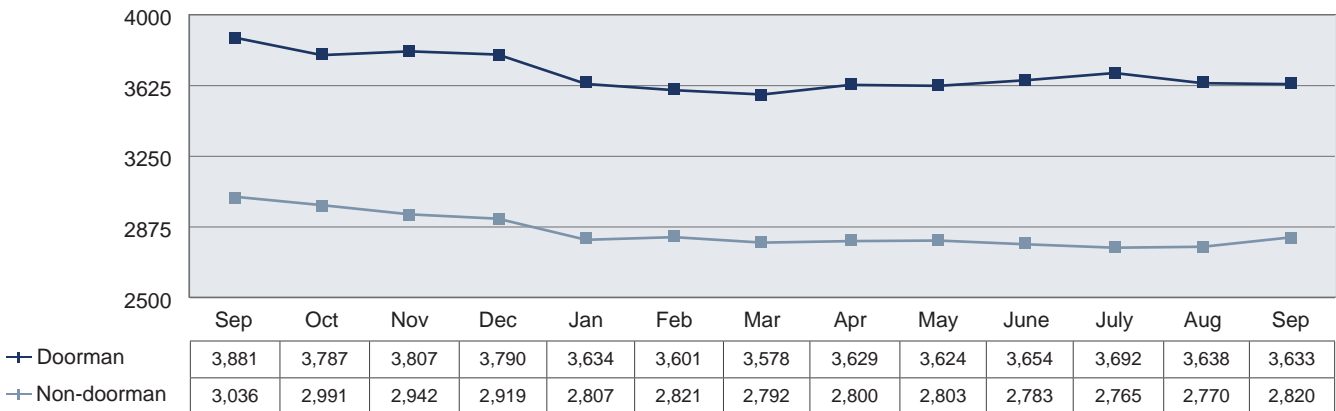
2,722	5,716	5,542	5,256	5,603	5,410	6,520	6,012	5,681	5,307	7,013	4,918	6,512	5,109	5,612
2,347	3,401	3,309	3,165	4,251	3,813	4,575	3,988	3,610	3,130	3,976	3,558	6,926	4,200	-

MANHATTAN PRICE TRENDS

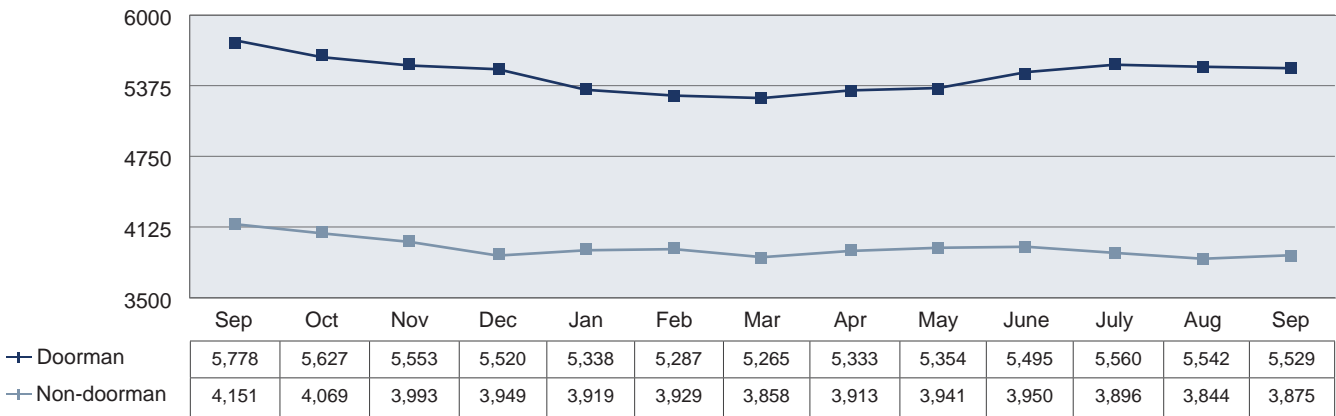
September 2008* Manhattan Studio Price Trends Over 13 Months



September 2008* Manhattan One-bedroom Price Trends Over 13 Months



September 2008* Manhattan Two-bedroom Price Trends Over 13 Months

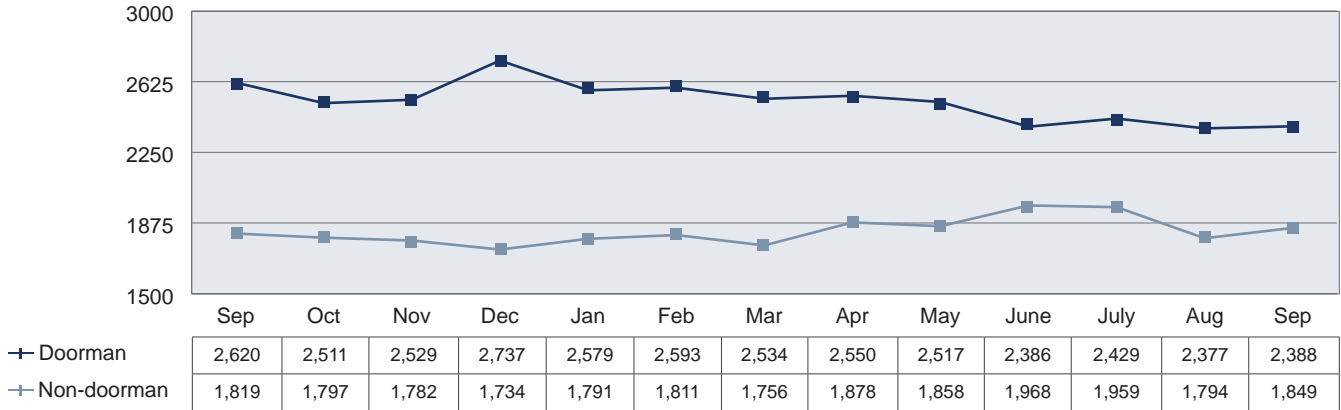


* 2008 data includes Harlem

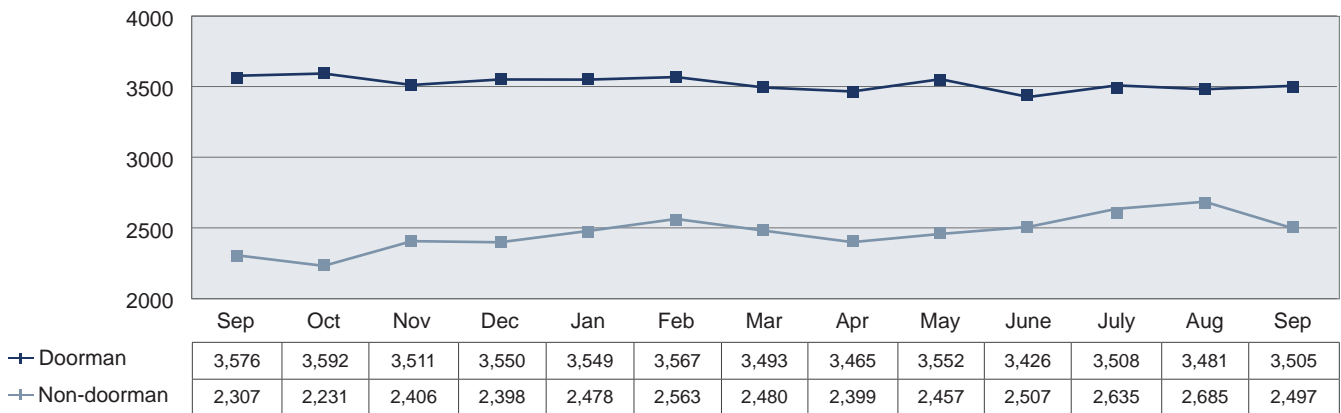
NEIGHBORHOOD PRICE TRENDS

UPPER WEST SIDE

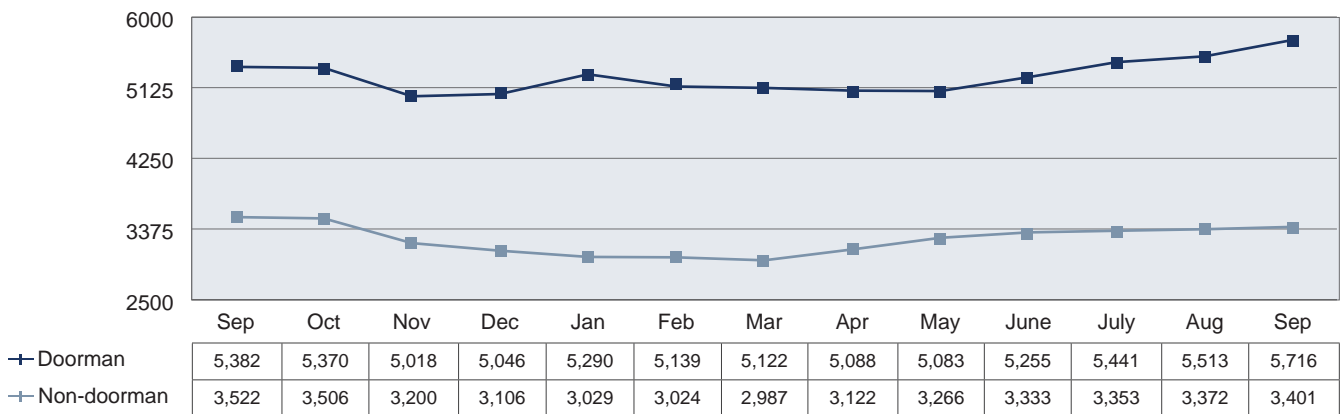
Upper West Side Studio Price Trends Over 13 Months



Upper West Side One-bedroom Price Trends Over 13 Months



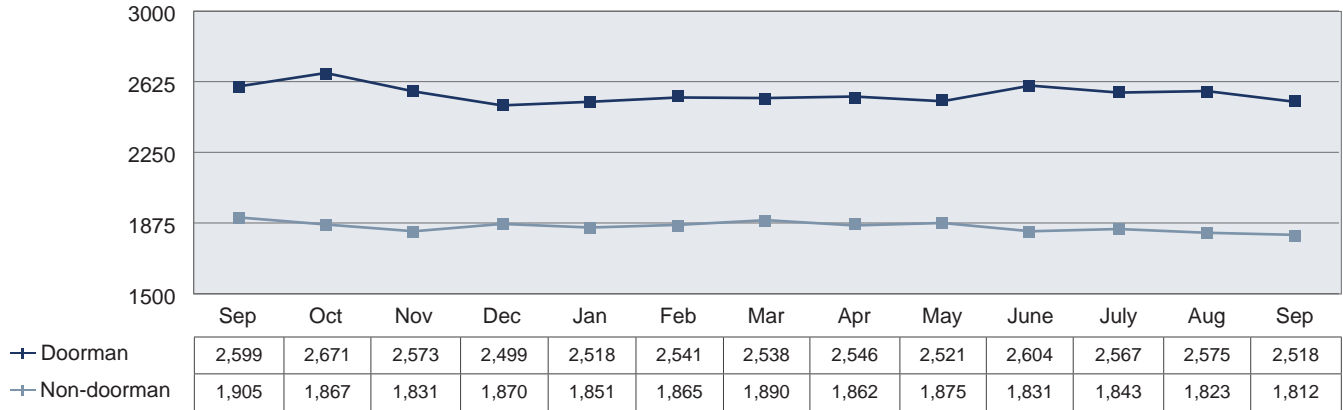
Upper West Side Two-bedroom Price Trends Over 13 Months



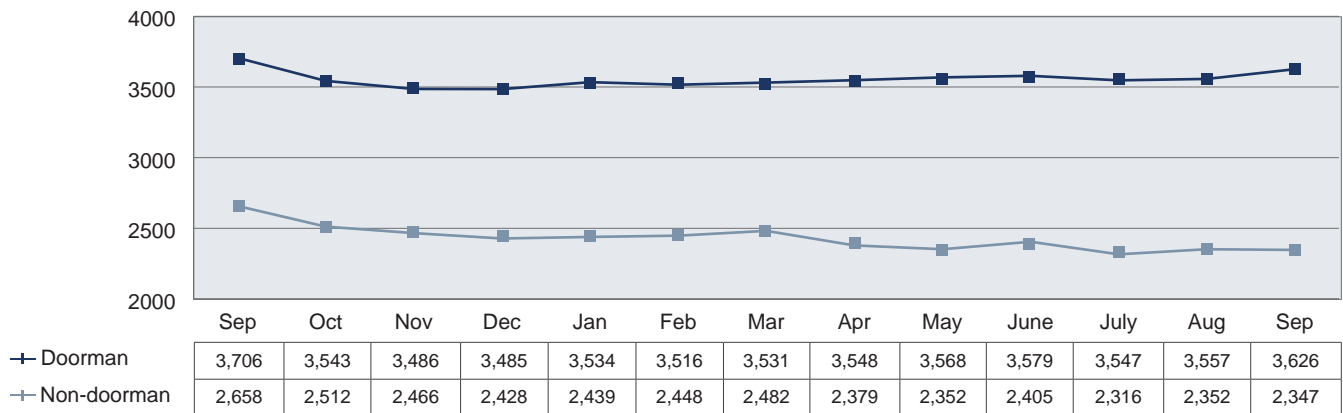
NEIGHBORHOOD PRICE TRENDS

UPPER EAST SIDE

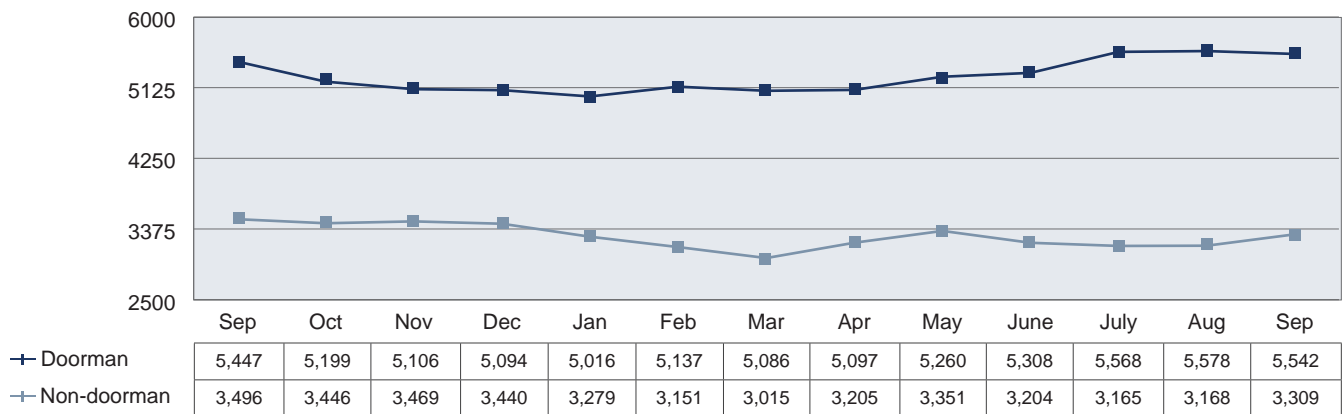
Upper East Side Studio Price Trends Over 13 Months



Upper East Side One-bedroom Price Trends Over 13 Months



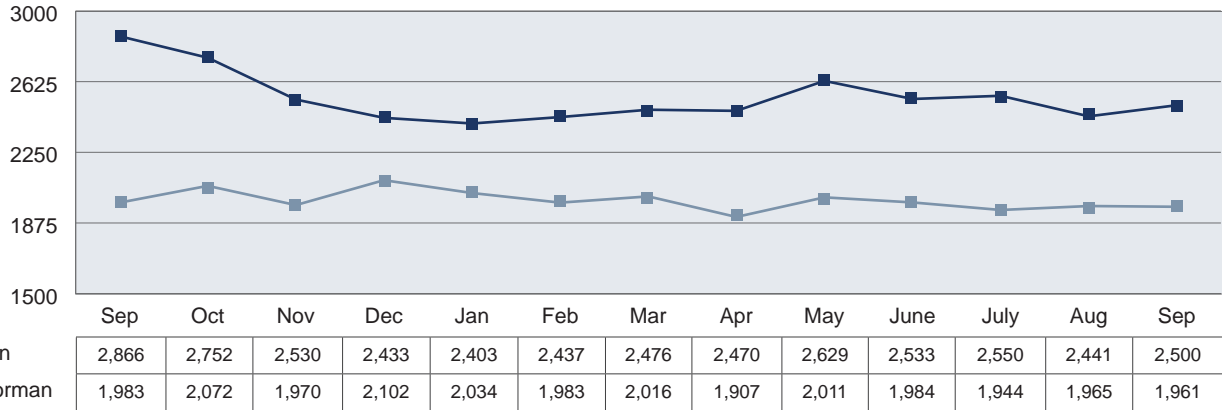
Upper East Side Two-bedroom Price Trends Over 13 Months



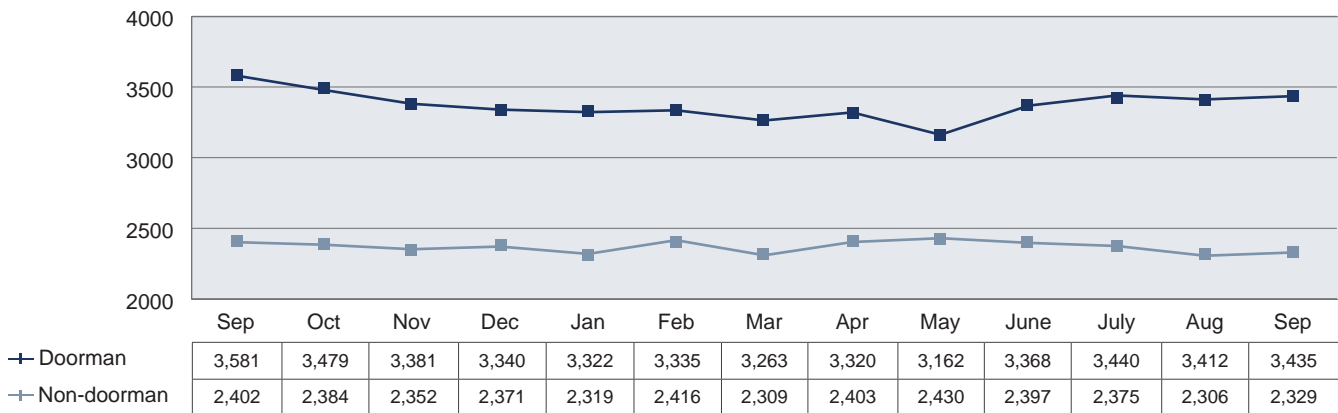
NEIGHBORHOOD PRICE TRENDS

MIDTOWN WEST

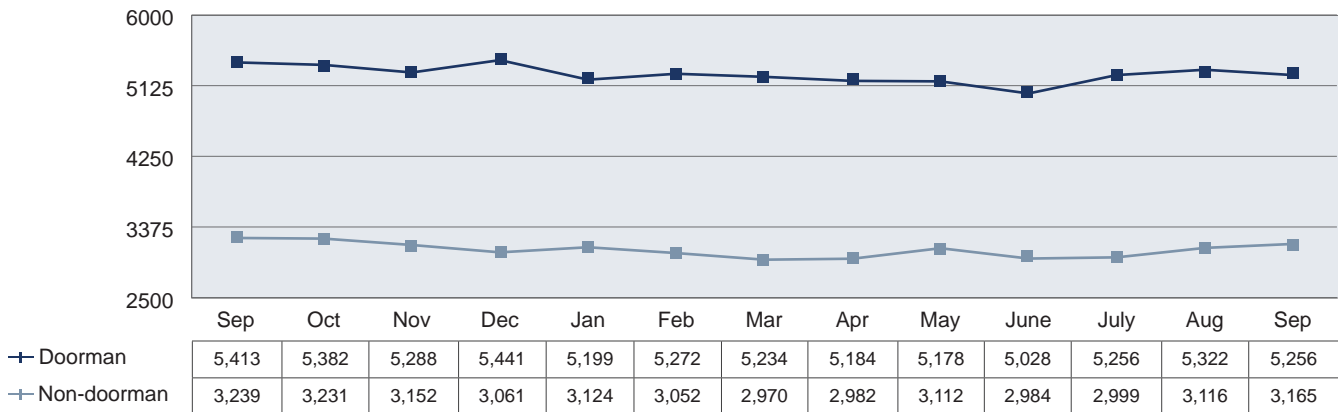
Midtown West Studio Price Trends Over 13 Months



Midtown West One-bedroom Price Trends Over 13 Months



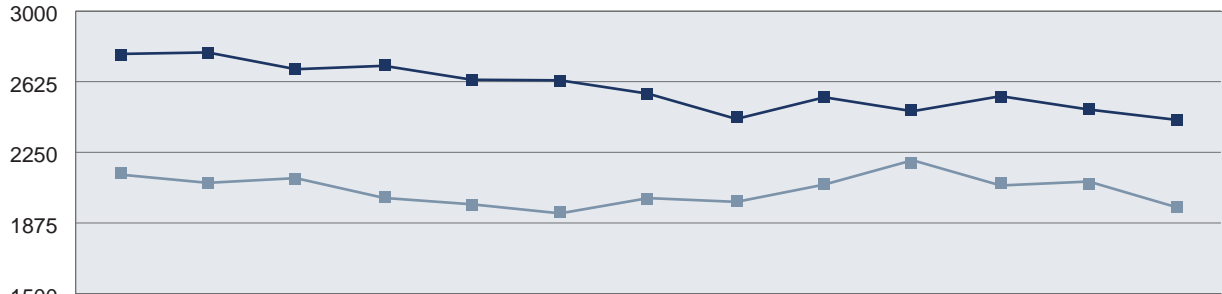
Midtown West Two-bedroom Price Trends Over 13 Months



NEIGHBORHOOD PRICE TRENDS

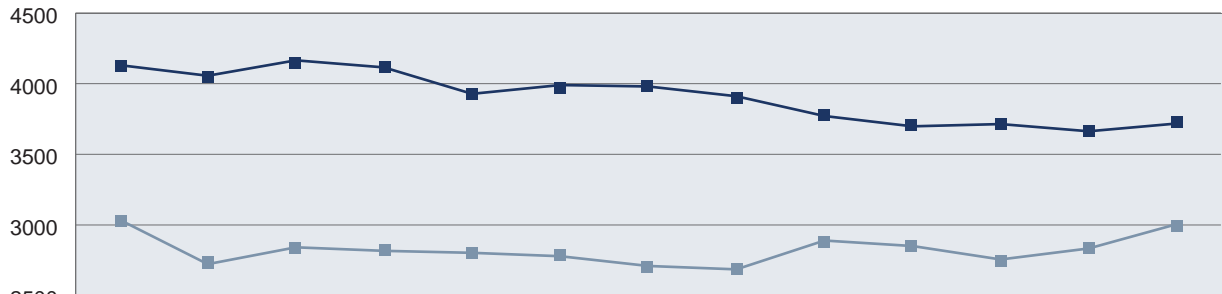
MIDTOWN EAST

Midtown East Studio Price Trends Over 13 Months



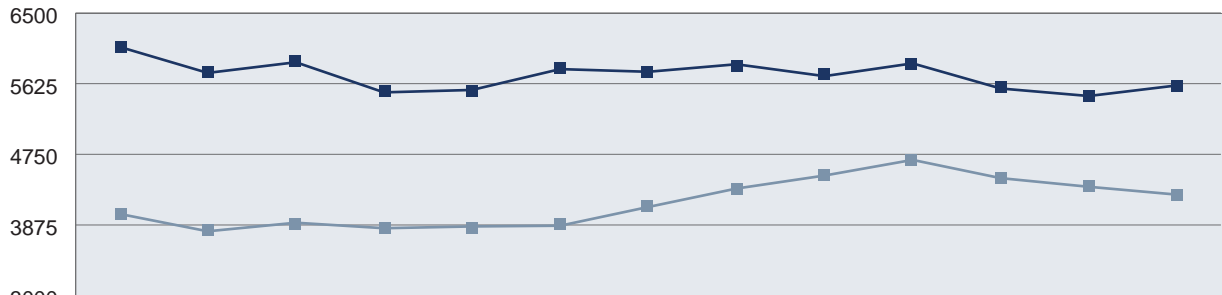
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
+ Doorman	2,772	2,780	2,691	2,709	2,635	2,632	2,561	2,427	2,542	2,468	2,548	2,477	2,422
+ Non-doorman	2,132	2,088	2,113	2,008	1,974	1,926	2,007	1,987	2,079	2,208	2,074	2,095	1,958

Midtown East One-bedroom Price Trends Over 13 Months



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
+ Doorman	4,131	4,056	4,165	4,115	3,928	3,990	3,980	3,911	3,771	3,698	3,714	3,663	3,718
+ Non-doorman	3,037	2,723	2,842	2,817	2,803	2,779	2,710	2,686	2,890	2,851	2,756	2,834	3,006

Midtown East Two-bedroom Price Trends Over 13 Months

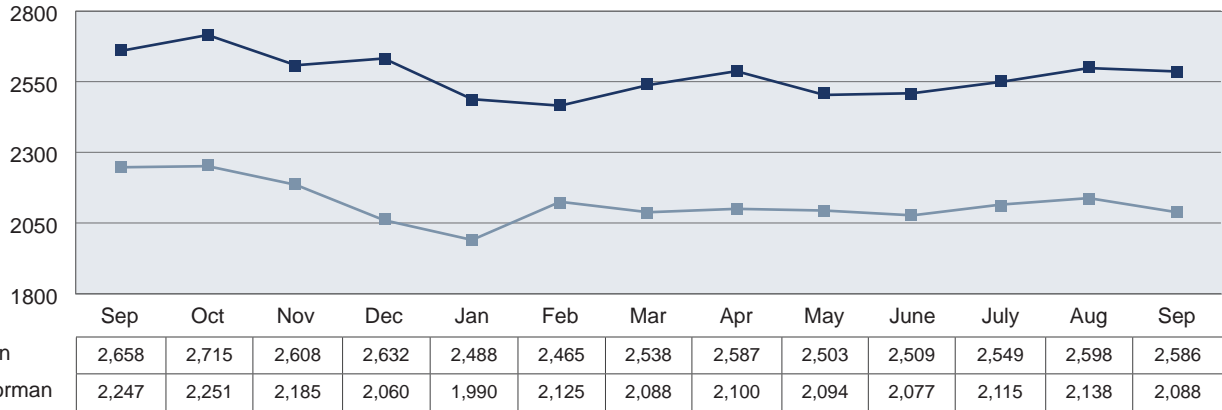


	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
+ Doorman	6,080	5,758	5,890	5,517	5,547	5,805	5,772	5,865	5,718	5,876	5,565	5,472	5,603
+ Non-doorman	4,012	3,797	3,903	3,835	3,857	3,866	4,098	4,326	4,487	4,681	4,455	4,348	4,251

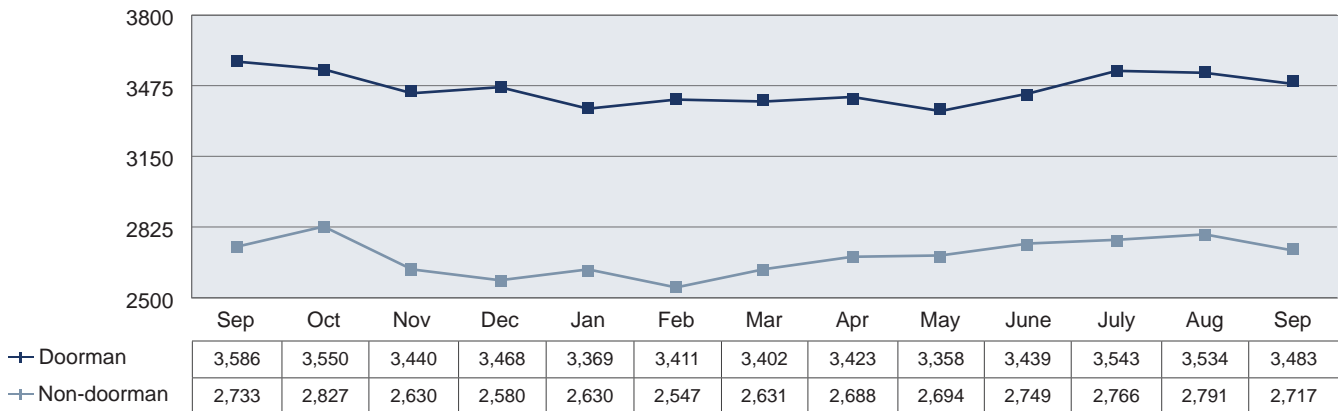
NEIGHBORHOOD PRICE TRENDS

MURRAY HILL

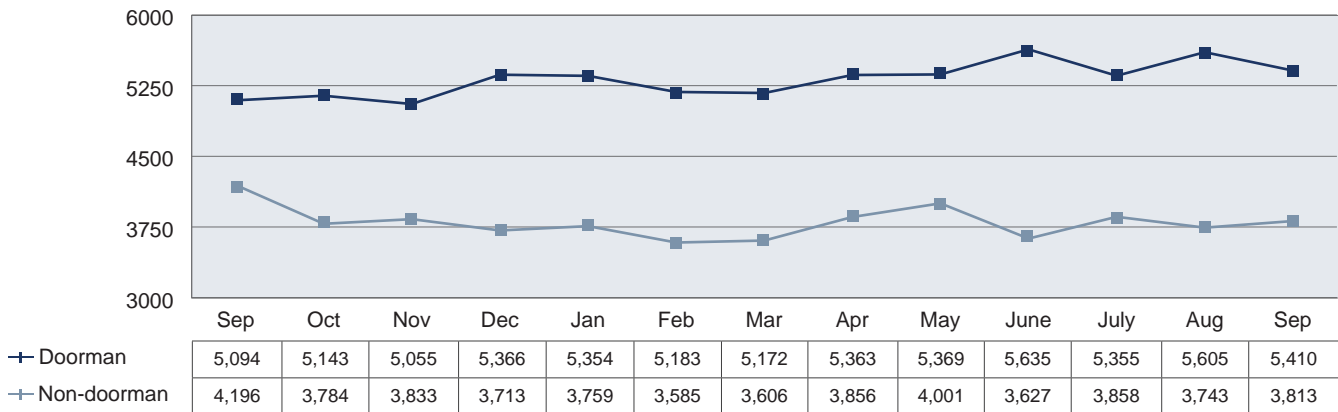
Murray Hill Studio Price Trends Over 13 Months



Murray Hill One-bedroom Price Trends Over 13 Months



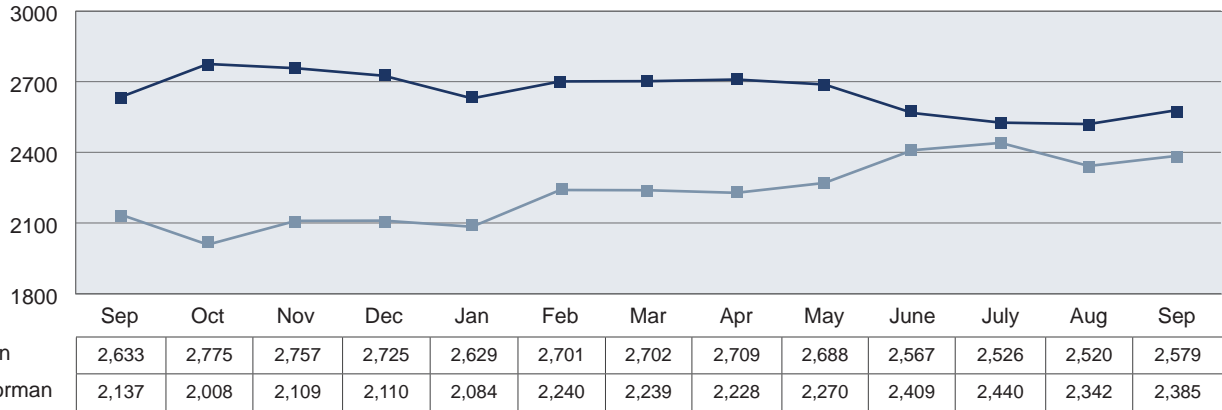
Murray Hill Two-bedroom Price Trends Over 13 Months



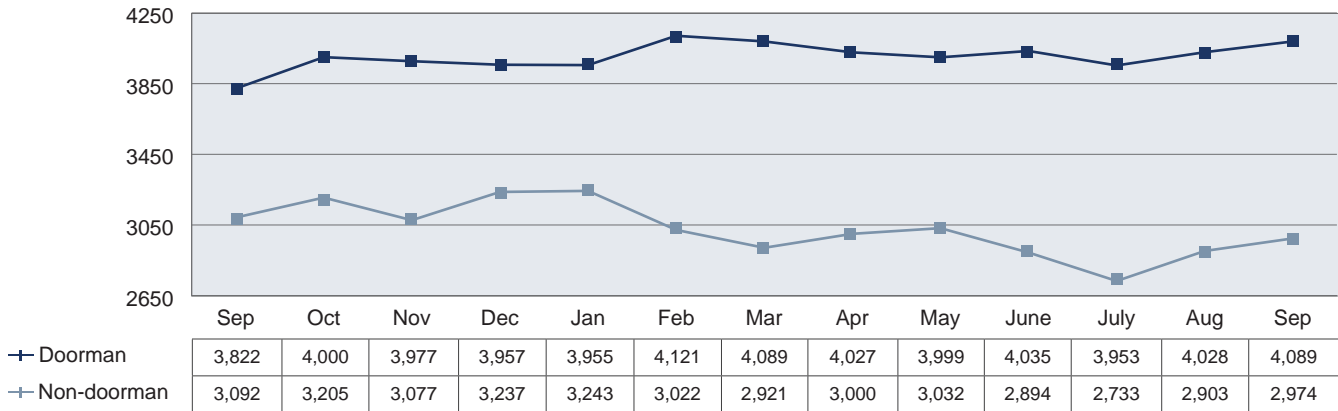
NEIGHBORHOOD PRICE TRENDS

CHELSEA

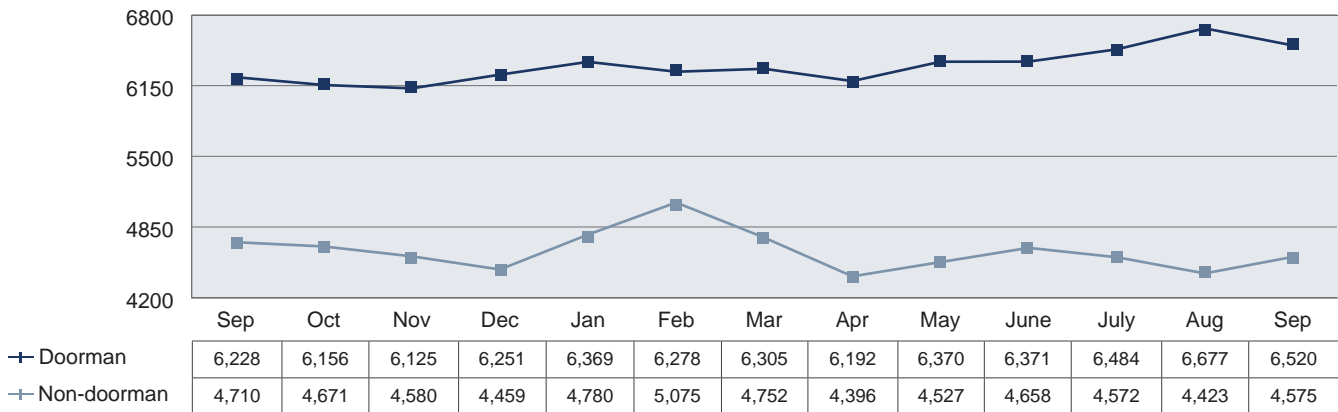
Chelsea Studio Price Trends Over 13 Months



Chelsea One-bedroom Price Trends Over 13 Months



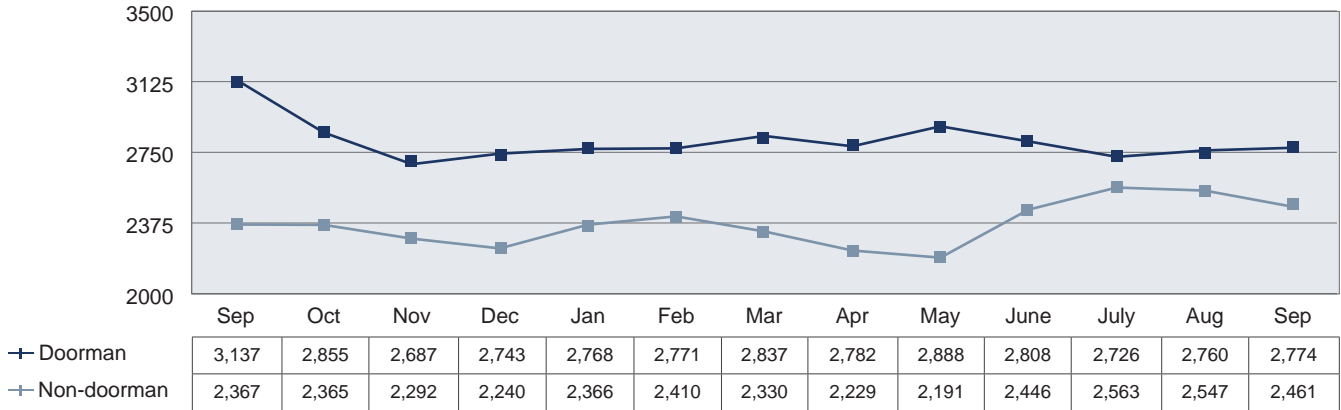
Chelsea Two-bedroom Price Trends Over 13 Months



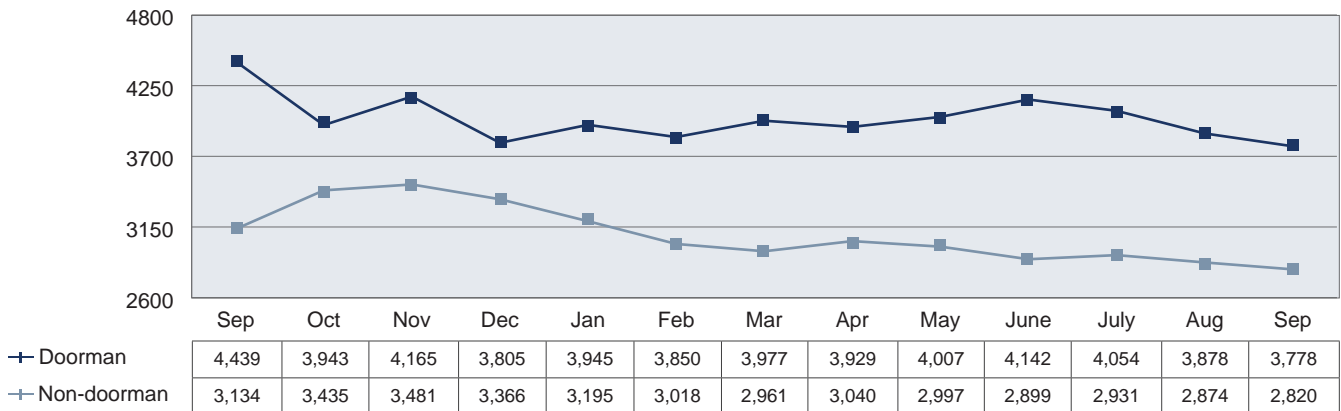
NEIGHBORHOOD PRICE TRENDS

GRAMERCY PARK

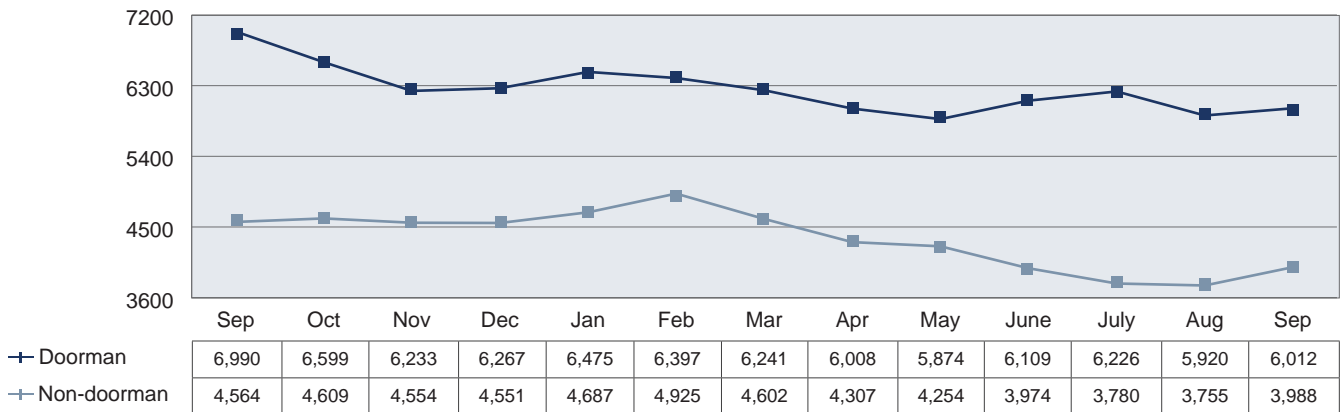
Gramercy Park Studio Price Trends Over 13 Months



Gramercy Park One-bedroom Price Trends Over 13 Months



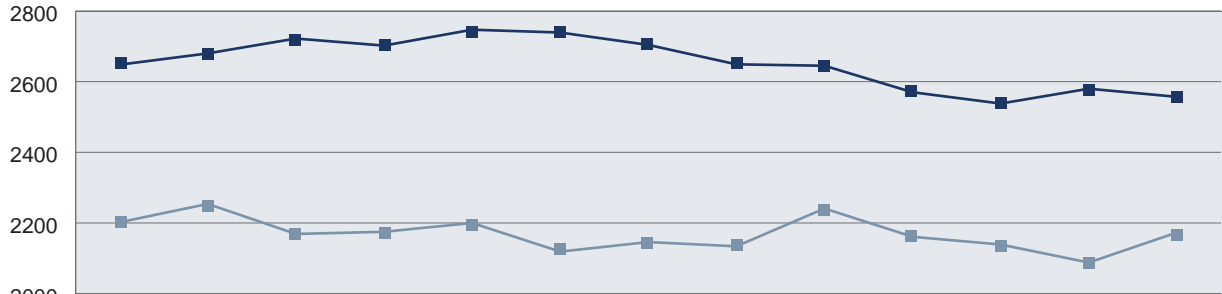
Gramercy Park Two-bedroom Price Trends Over 13 Months



NEIGHBORHOOD PRICE TRENDS

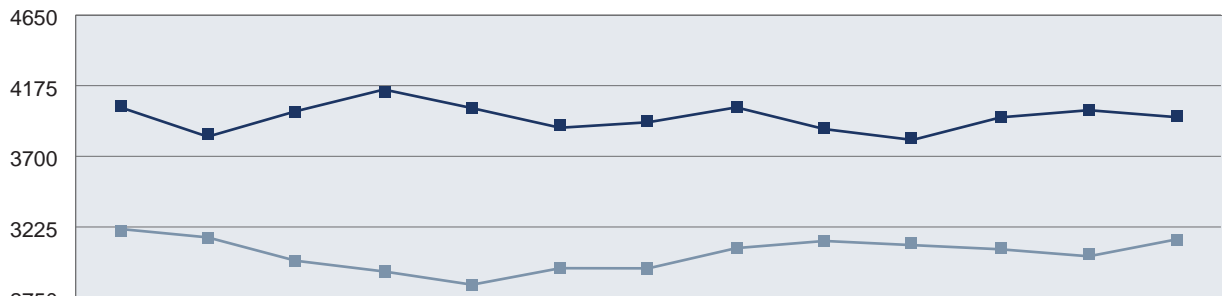
GREENWICH VILLAGE

Greenwich Village Studio Price Trends Over 13 Months



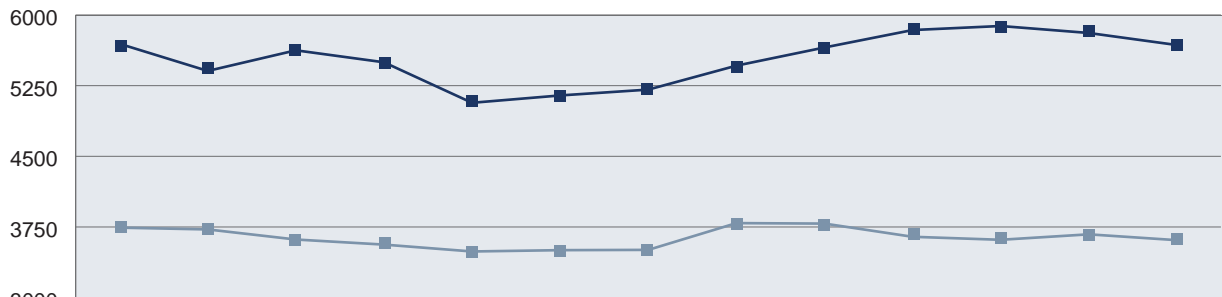
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
+ Doorman	2,648	2,680	2,722	2,702	2,747	2,739	2,704	2,649	2,645	2,570	2,538	2,580	2,557
+ Non-doorman	2,202	2,254	2,169	2,175	2,200	2,119	2,146	2,134	2,241	2,161	2,139	2,088	2,173

Greenwich Village One-bedroom Price Trends Over 13 Months



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
+ Doorman	4,031	3,832	4,003	4,149	4,024	3,892	3,929	4,029	3,883	3,810	3,962	4,010	3,963
+ Non-doorman	3,212	3,155	2,998	2,926	2,837	2,948	2,947	3,083	3,131	3,103	3,075	3,028	3,142

Greenwich Village Two-bedroom Price Trends Over 13 Months

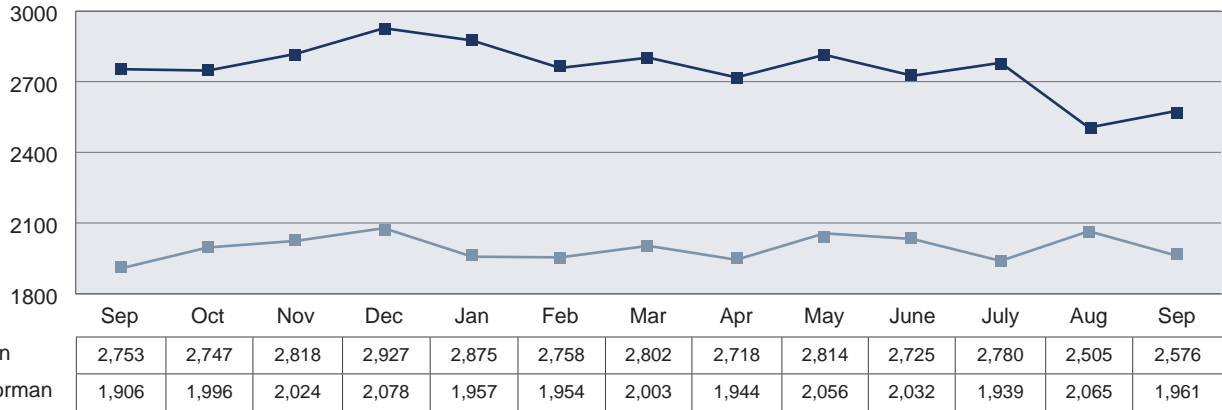


	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
+ Doorman	5,694	5,406	5,625	5,498	5,068	5,146	5,208	5,462	5,655	5,840	5,883	5,809	5,681
+ Non-doorman	3,743	3,724	3,617	3,563	3,490	3,504	3,507	3,791	3,786	3,646	3,614	3,672	3,610

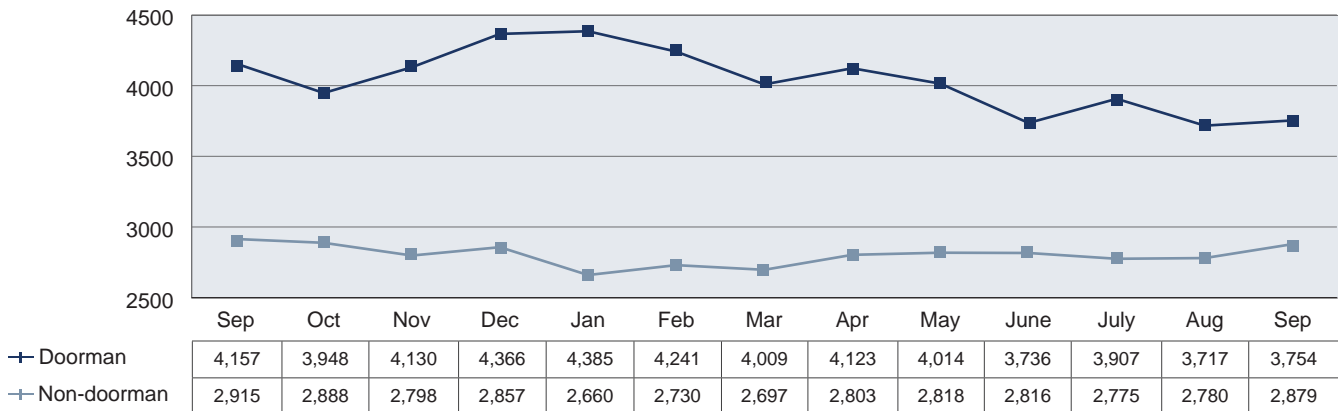
NEIGHBORHOOD PRICE TRENDS

EAST VILLAGE

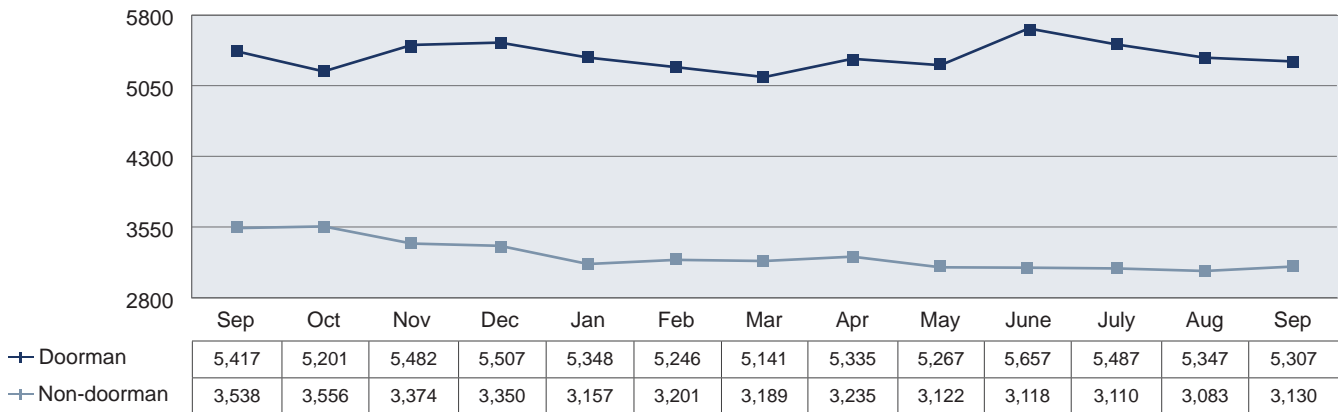
East Village Studio Price Trends Over 13 Months



East Village One-bedroom Price Trends Over 13 Months



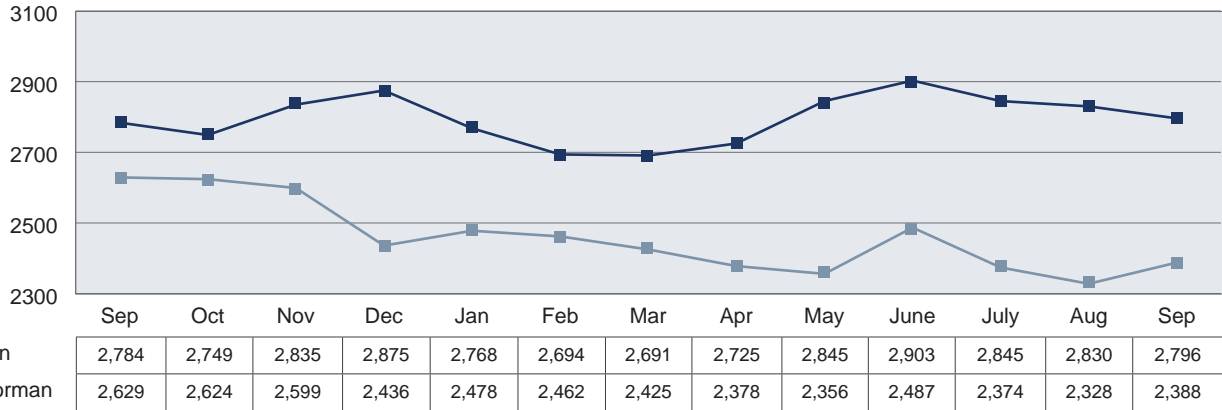
East Village Two-bedroom Price Trends Over 13 Months



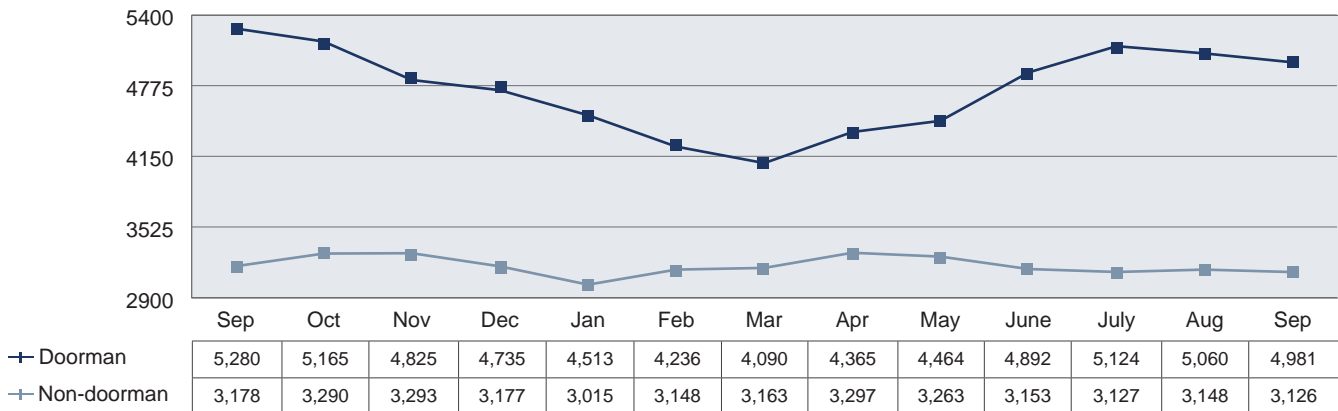
NEIGHBORHOOD PRICE TRENDS

SoHo

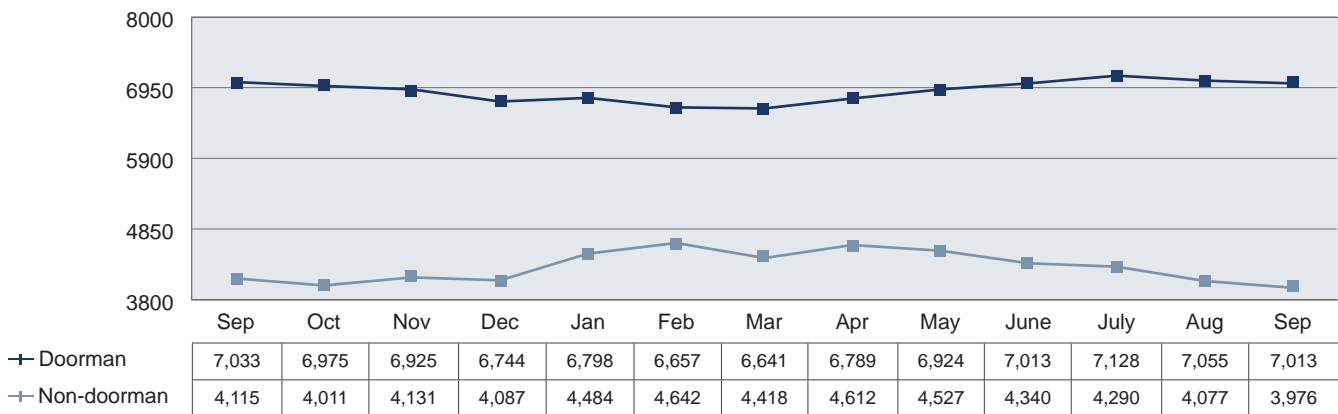
SoHo Studio Price Trends Over 13 Months



SoHo One-bedroom Price Trends Over 13 Months



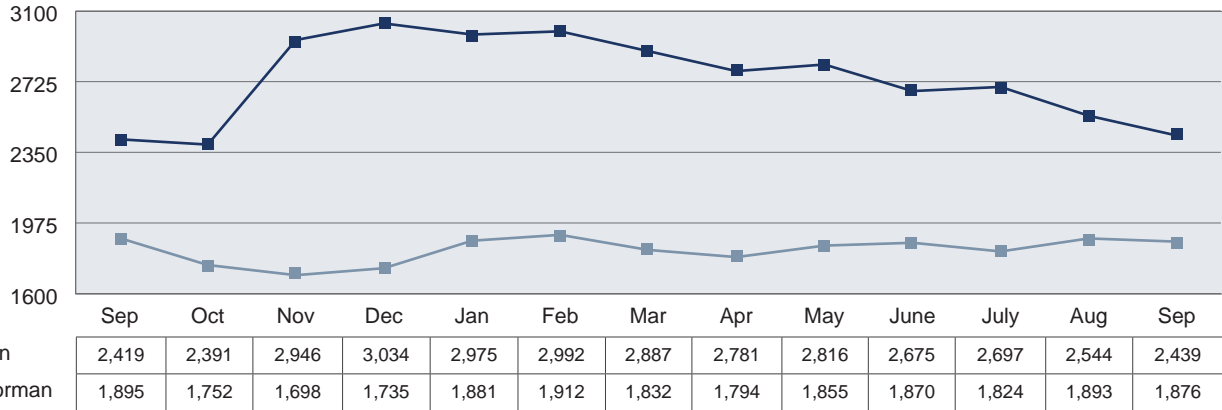
SoHo Two-bedroom Price Trends Over 13 Months



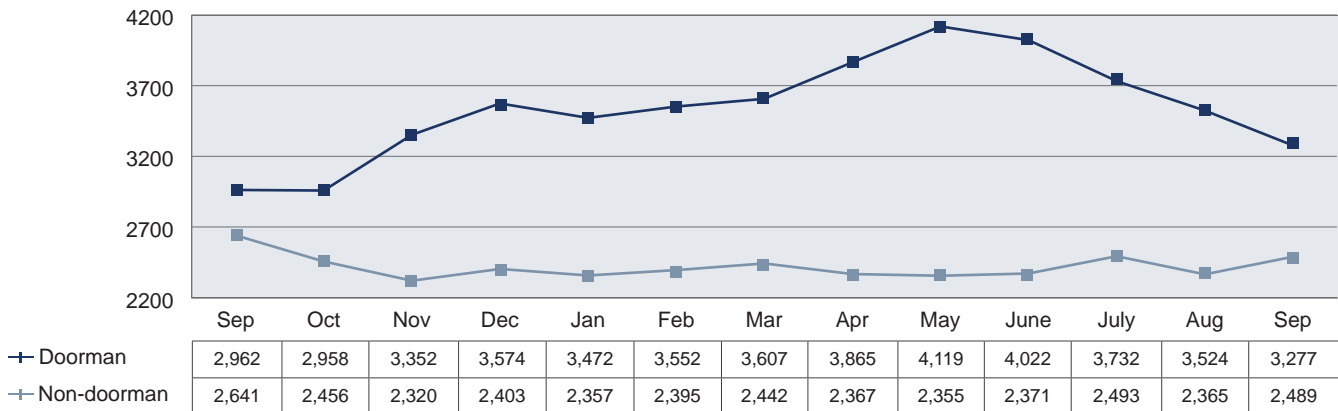
NEIGHBORHOOD PRICE TRENDS

LOWER EAST SIDE

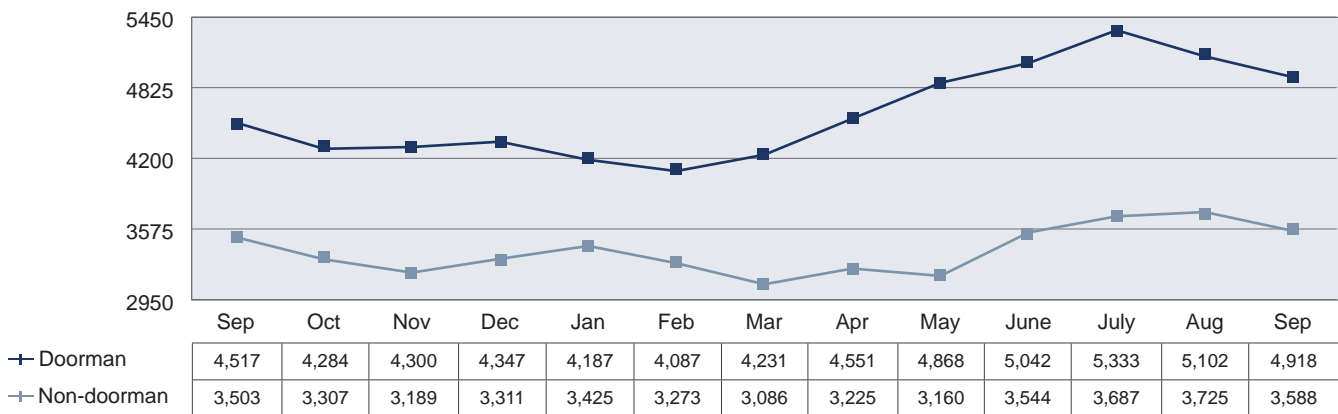
Lower East Side Studio Price Trends Over 13 Months



Lower East Side One-bedroom Price Trends Over 13 Months



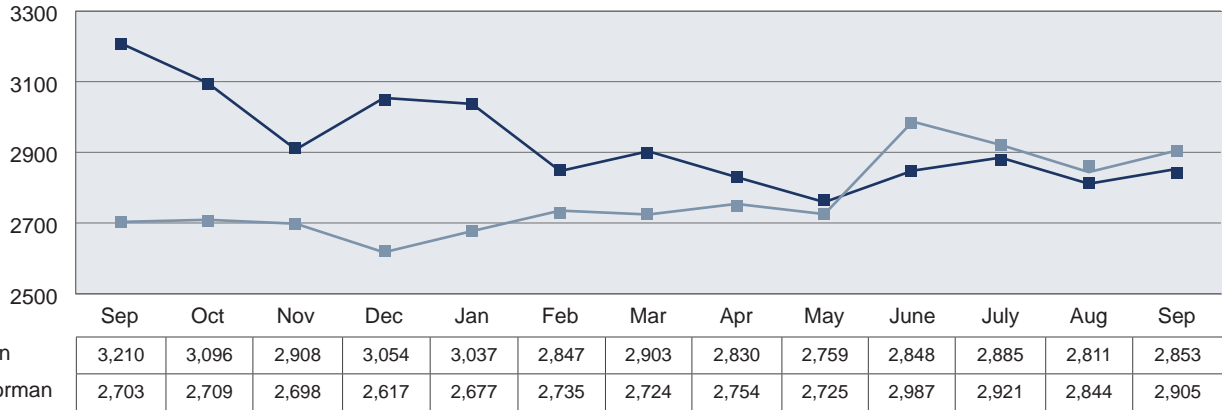
Lower East Side Two-bedroom Price Trends Over 13 Months



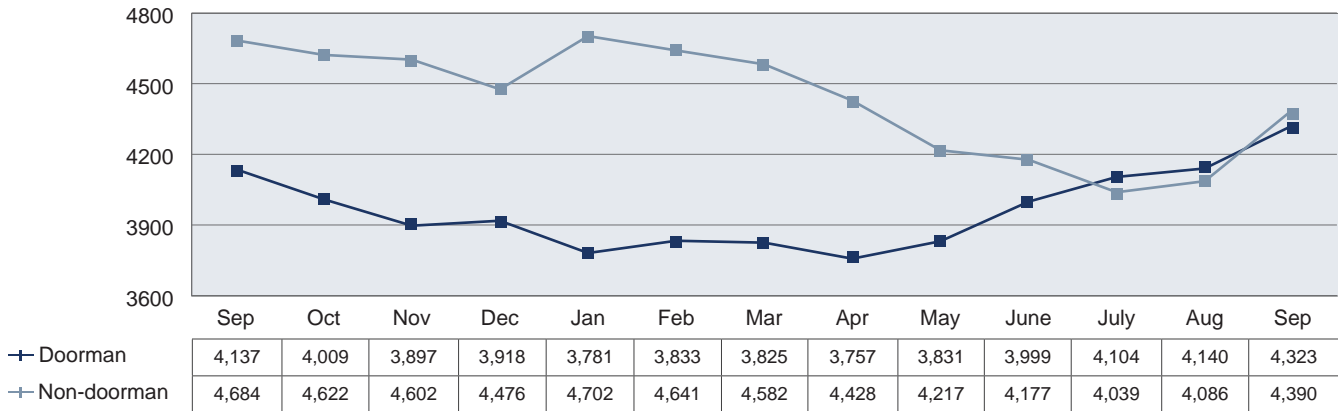
NEIGHBORHOOD PRICE TRENDS

TRIBECA

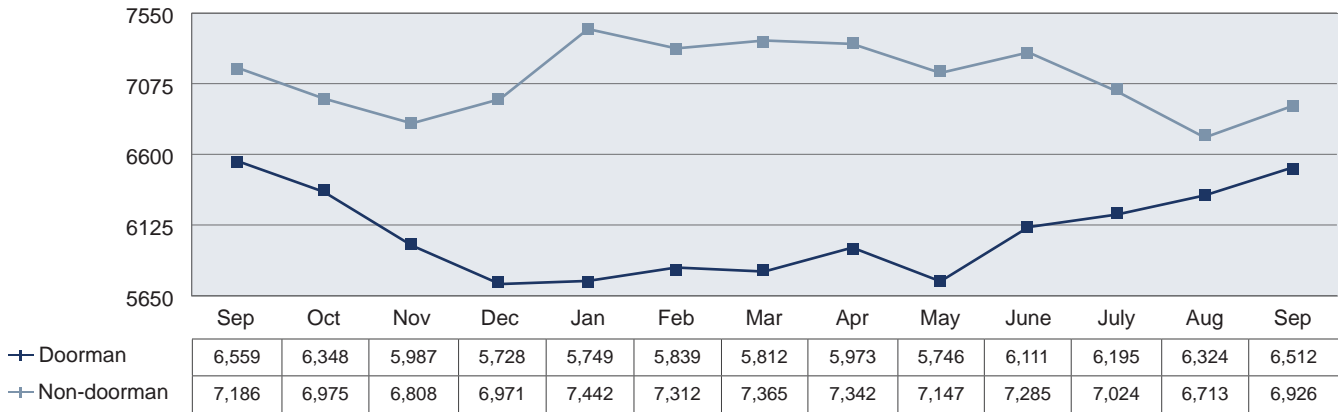
TriBeCa Studio Price Trends Over 13 Months



TriBeCa One-bedroom Price Trends Over 13 Months



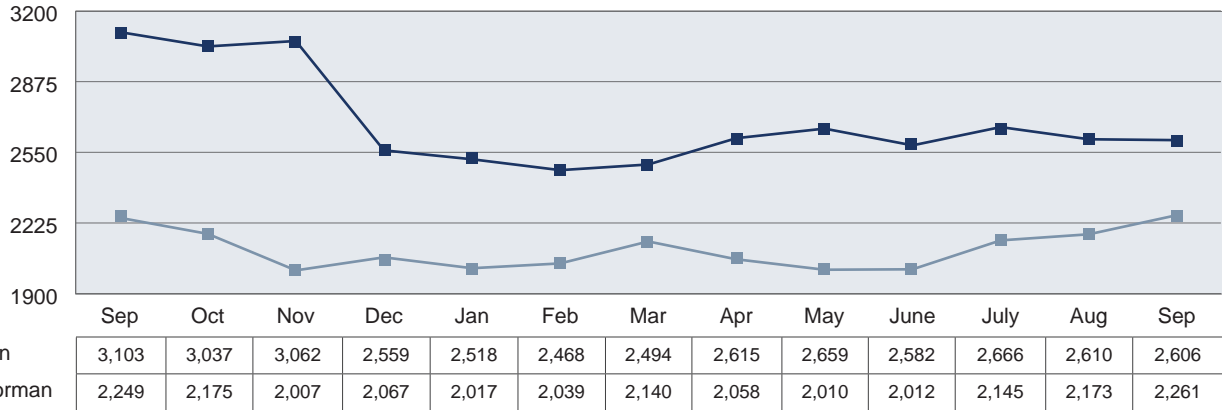
TriBeCa Two-bedroom Price Trends Over 13 Months



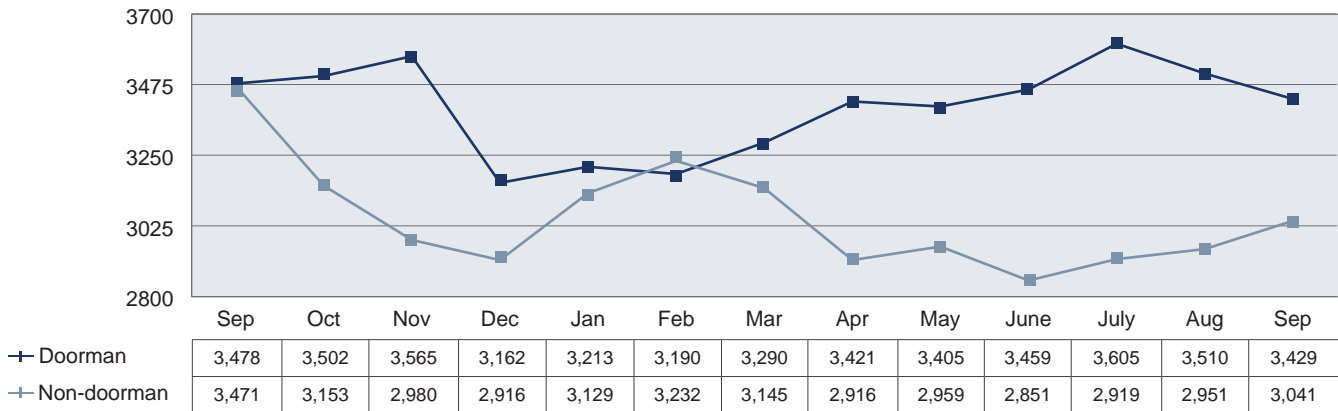
NEIGHBORHOOD PRICE TRENDS

FINANCIAL DISTRICT

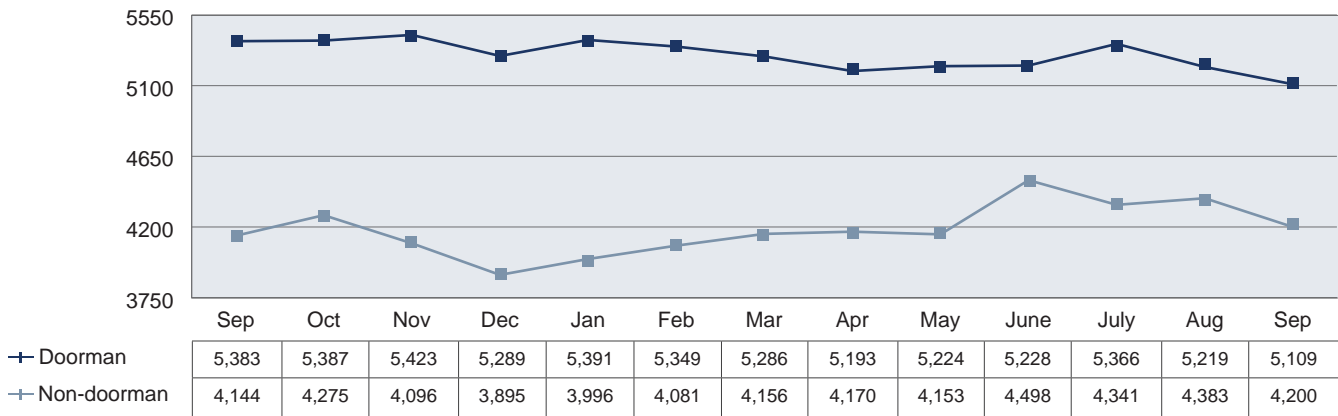
Financial District Studio Price Trends Over 13 Months



Financial District One-bedroom Price Trends Over 13 Months



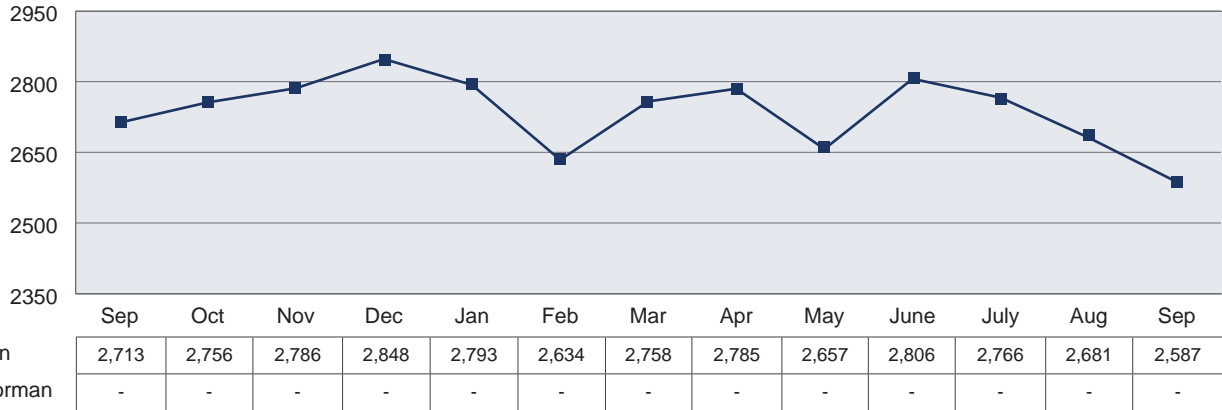
Financial District Two-bedroom Price Trends Over 13 Months



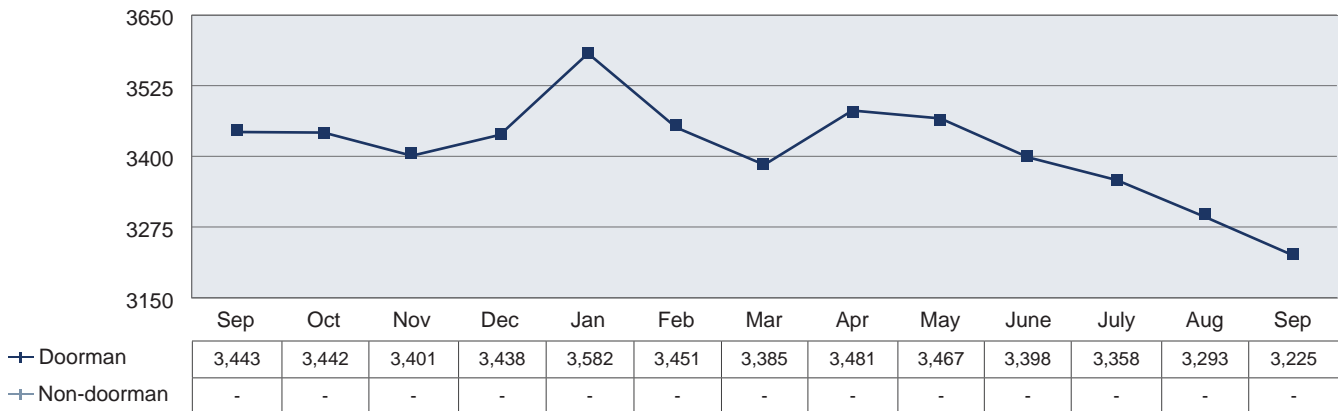
NEIGHBORHOOD PRICE TRENDS

BATTERY PARK CITY

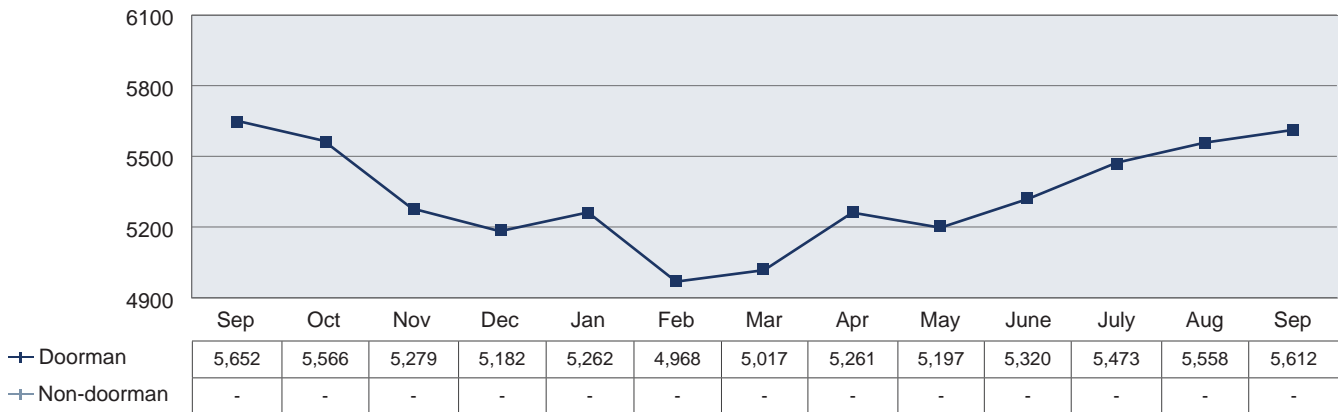
Battery Park City Studio Price Trends Over 13 Months



Battery Park City One-bedroom Price Trends Over 13 Months



Battery Park City Two-bedroom Price Trends Over 13 Months

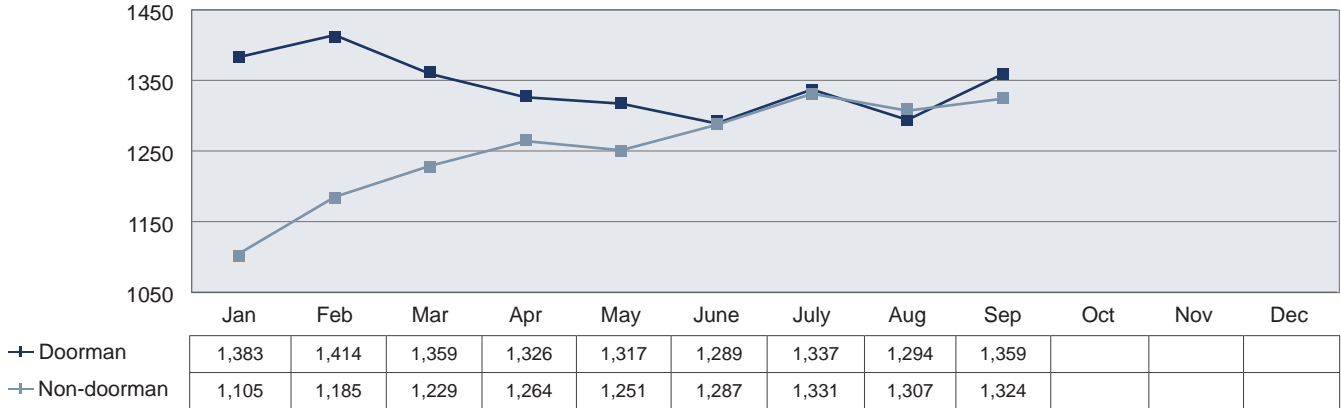


NEIGHBORHOOD PRICE TRENDS

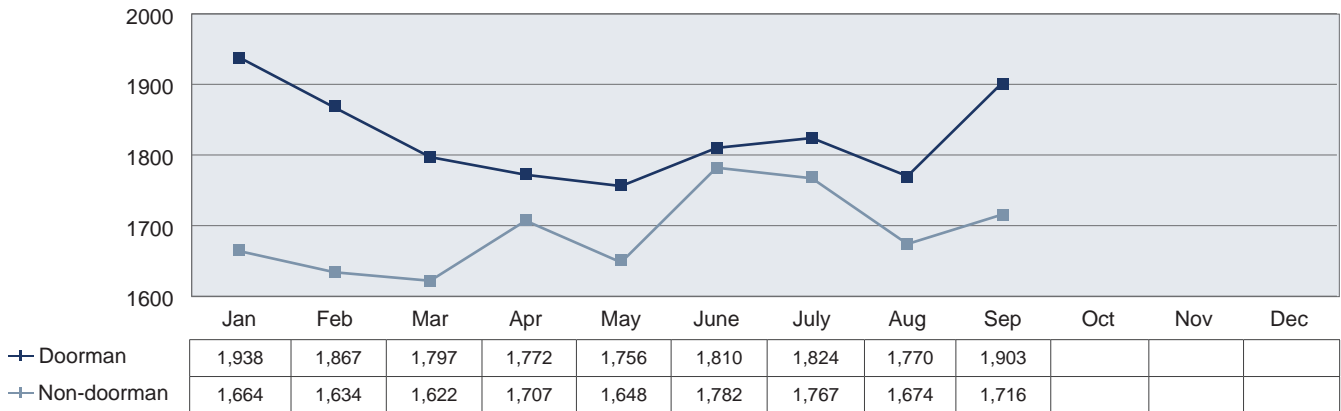
HARLEM

As Harlem's data is new to this report, these graphs only show Harlem rents in 2008 so far.

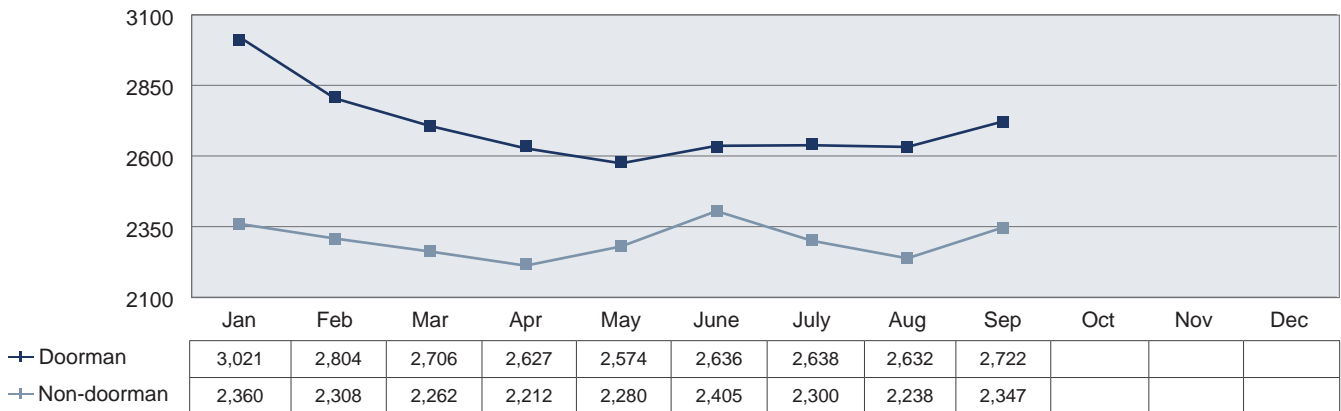
Harlem 2008 Studio Price Trends



Harlem 2008 One-bedroom Price Trends



Harlem 2008 Two-bedroom Price Trends



THE REPORT EXPLAINED

The Manhattan Rental Market Report is the **only report that compares fluctuation in the city's rental data on a monthly basis**. It is an essential tool for potential renters seeking transparency in the NYC apartment market and a benchmark for landlords to efficiently and fairly adjust individual property rents in Manhattan.

The Manhattan Rental Market Report is based on data cross-sectioned from over 10,000 currently available listings located below 155th Street and priced under \$10,000, with ultra-luxury property omitted to obtain a true monthly rental average. Our data is aggregated from the TREGNY proprietary database and sampled from a specific mid-month point to record current rental rates offered by landlords during that particular month. It is then combined with information from the REBNY Real Estate Listings Source (RLS), OnLine Residential (OLR.com) and R.O.L.E.X. (Real Plus).

Contact us now: 212.475.9000

Note: All market data is collected and compiled by The Real Estate Group's marketing department and is overseen by C.O.O. Daniel Baum. The information presented here is intended for instructive purposes only and has been gathered from sources deemed reliable, though it may be subject to errors, omissions, changes or withdrawal without notice.

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