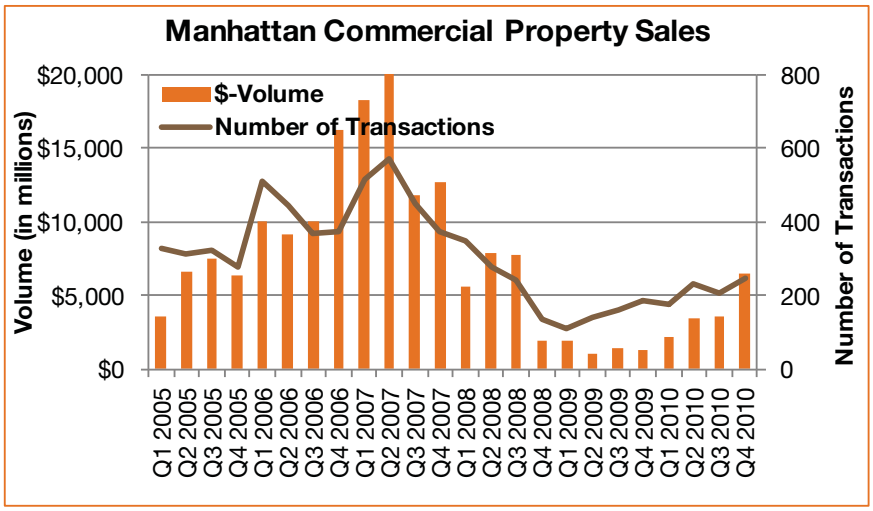
Manhattan Commercial Property Sales Report

Fourth Quarter 2010

Manhattan Commercial Property Sales Market Jumped In The Fourth Quarter

Gains Came From 111 Eighth Avenue Sale, Multifamily Sales Climbed 10%

Manhattan's commercial property market ended 2010 on a solid note as the sales volume increased by 72% over the third quarter. A significant share of the increase in the quarter, however, was attributed to Google's $1.77 billion purchase of 111 Eighth Avenue. Still, removing this transaction from the statistics puts the volume a respectable 21% above the third quarter. The cumulative sales volume for the year ($15.5 billion) surpassed the total volume for all of 2009 ($5.8 billion) by 167%. However, the 2010 cumulative volume equates to one-quarter the cumulative volume of 2007 ($63 billion). The results for both volume and average prices paid by property type are shown on page 3 and 4. Indeed, the fourth quarter results were reassuring to investors and lenders, confirming that the pace of Manhattan's commercial sales market is accelerating.



Source: Eastern Consolidated, Property Shark, CoStar and NYC Department of Finance

The chart at left shows the progression since 2009. Average prices climbed for most property types as well. In the fourth quarter, 229 transactions were closed. This was ahead of last quarter's 209 and down from the second quarter's 238 transactions.

Multifamily

The volume of multifamily property sales in the fourth quarter was $792 million, up from $720 million in the third quarter. The number of transactions climbed 15% to 124, up from 108 in the third quarter. Yet tallying these results puts the total 2010 multifamily sales volume at $3.4 billion which was 145% higher than all of 2009 ($1.4 billion). The largest sale in the quarter was the loan sale on 15 William Street for $184.4 million. CIM Group, a recent buyer of distressed debt, purchased the loan on 209 unsold condominiums. The sale works out to $663 per square foot.

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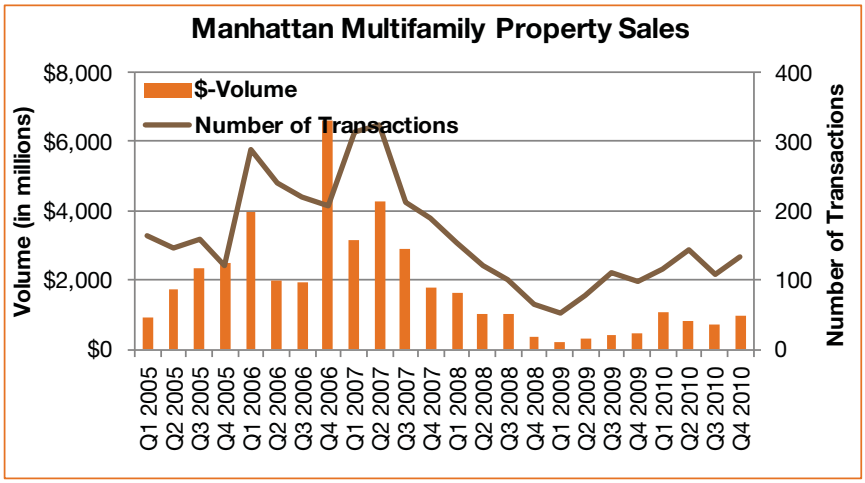
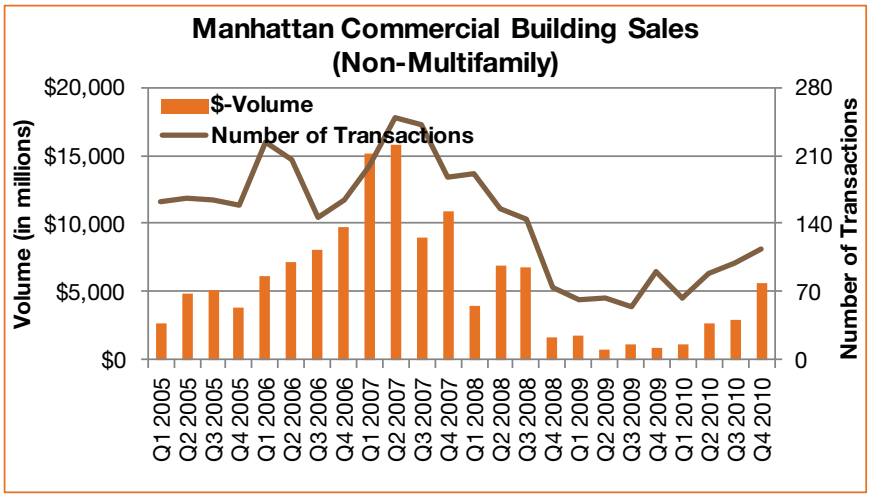


**Preliminary Estimates*
Source: Eastern Consolidated, Property Shark, CoStar and NYC Department of Finance

The average price paid per square foot for multifamily properties jumped to $410 in the fourth quarter from $340 last quarter. The fourth quarter's average price per square foot exceeded the average in 2007 which was $350 per square foot.

Non-Multifamily Commercial Sales

The volume of non-multifamily property sales jumped to $5.25 billion, up from $2.8 billion last quarter. However, without the sale of 111 Eighth Avenue, sales volume for non-multifamily properties would have been $3.5 billion. In 2009, sales volume averaged $1.1 billion per quarter.



**Preliminary Estimates*
Source: Eastern Consolidated, Property Shark, CoStar and NYC Department of Finance

The number of transactions climbed 5% to 105. There were 100 transactions in the third quarter. As shown at left, while the number of transactions was little changed, the dollar value per transaction soared. This was true for most property types (see pages 3 and 4).

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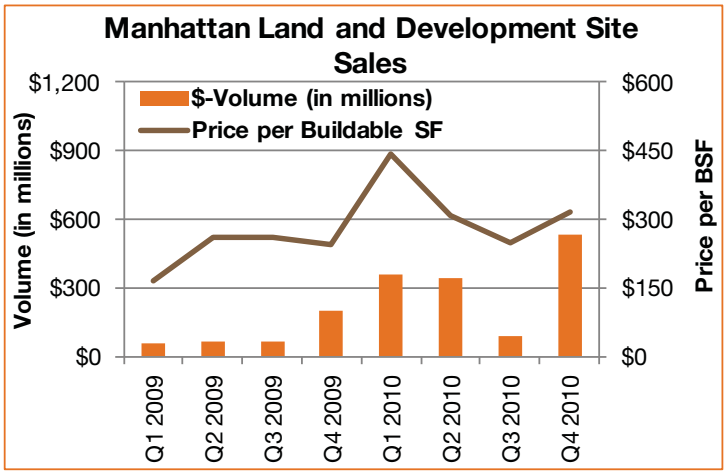

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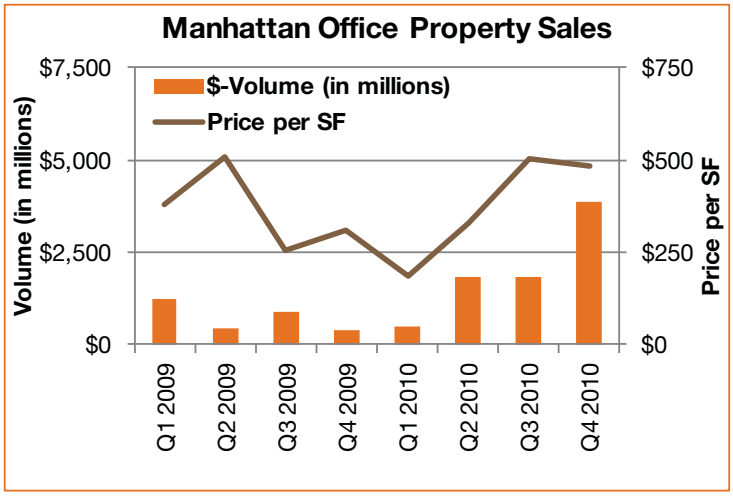
The volume of development site sales jumped in the fourth quarter led by the Durst Organization's purchase of 855 Avenue of the Americas from the Chetrit Group for $104.5 million or $276 per buildable square foot. As shown in the chart, the average price paid per buildable square foot jumped to $343 in the fourth quarter. The average price paid per buildable square foot can be very volatile depending on the types and locations of transactions.



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Office property sales grew by $1.75 billion – almost exactly the price of 111 Eighth Avenue. The average price paid fell only slightly to $413 per square foot from $467. Aside from 111 Eighth Avenue, RXR Realty purchased 1330 Avenue of the Americas for $400 million or $750 per square foot. Three other office property sales of $100 million or more closed in the fourth quarter including 50 West 23rd Street, 1375 Broadway and a partial interest in 1540 Broadway.

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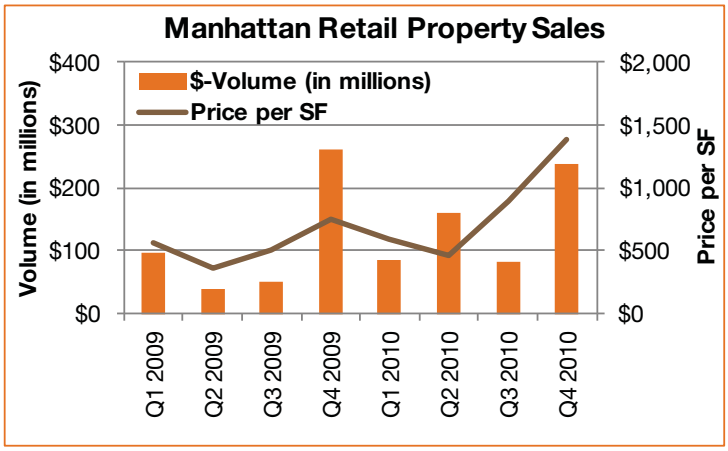

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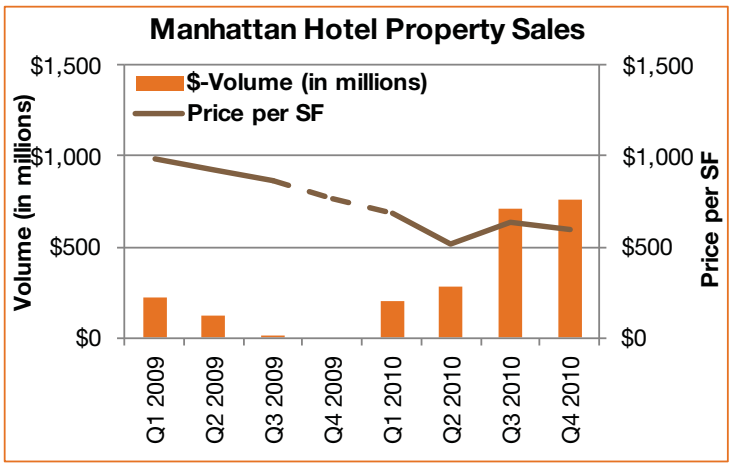
The volume of retail properties sold also climbed in the fourth quarter to $237 million. The average price paid soared to over $1,650 per square foot. This was due to the sale of a few high-profile sites along Bleecker Street in the Village. Other retail condos that traded in the fourth quarter for more than $50 million include the retail portions of 28 East 70th Street and 56 Crosby Street.



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The volume of hotel sales climbed to $1.26 billion from $360 million in the previous quarter and $760 million in the fourth quarter of 2010. The average price jumped to $1,022 per square foot from $370 per square foot last quarter.

There were only six hotel sales in the quarter, but all but one traded for more than $100 million and five also traded for more than $1,000 per square foot including the Yotel at 570 Tenth Avenue, the Paramount Hotel at 235 West 46th Street, the Radisson Hotel on Lexington and the Four Points by Sheraton in Times Square.

No other property type has as dramatic a swing in activity as hotel sales. The industry was all but dead in 2009 but returned in 2010. In the fourth quarter, four hotels traded for a total of just under $700 million, including the sale of the Doubletree Hotel on Lexington Avenue and 51st Street for $331 million. In the third quarter seven hotels traded totaling $630 million.

— Daun Paris, President, Eastern Consolidated

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