Manhattan Commercial Property Sales Report

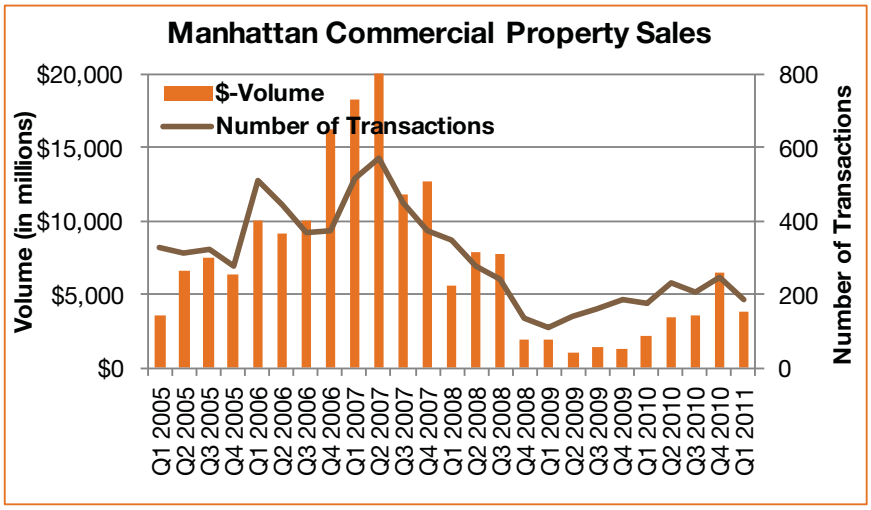
First Quarter 2011

Manhattan Commercial Property Sales Show Mixed Results

First Quarter 2011 Volume Is 58% Above Q1 2010 But Below Q4 2010

The upward momentum in Manhattan's commercial property sales market slowed in the first quarter as $3.6 billion in sales were closed following over $6.6 billion in the fourth quarter of 2010. A number of investors rushed to close deals in the fourth quarter of last year for fear that the capital gains tax would jump in 2011. The capital gains tax was left unchanged but the tax bill was not signed until mid December by which time most closings were already in the works.

The enclosed report shows how the property sales market fared by property type. Most of the results show a downward tick compared to last quarter, but this is to be expected given the flurry of activity at the end of 2010.

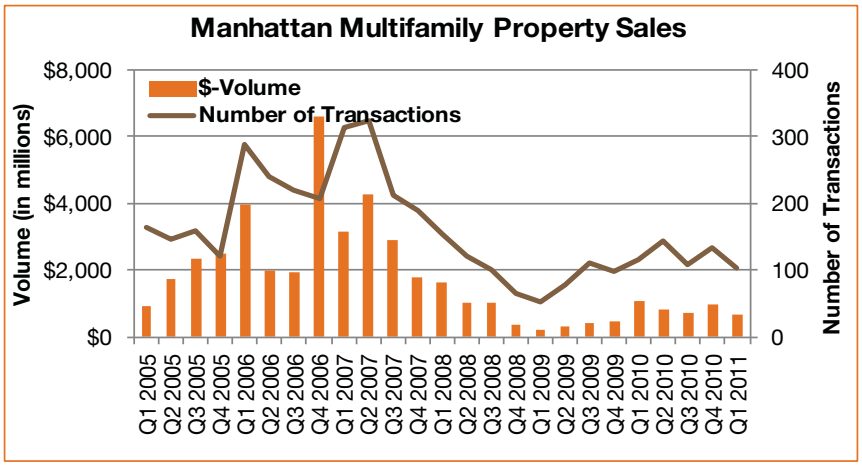


Source: Eastern Consolidated, Property Shark, CoStar and NYC Department of Finance

The fourth quarter 2010 volume was boosted by Google's $1.77 billion purchase of 111 Eighth Avenue. Had it not been for that sale, volume would have been $4.9 billion which was 28% higher than the first quarter 2011 volume of $3.5 billion.

The number of transactions fell to 173, the lowest number since Q3 2009.

Multifamily



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

The volume of multifamily property sales was $654 million, down from $966 million last quarter and a quarterly average of $893 million in 2010.

The number of transactions fell to 100 from 134 in the fourth quarter of 2011.

EASTERN CONSOLIDATED™
Real estate investment services

Information contained herein is from sources deemed reliable but is subject to errors, omissions, change of price or terms, and withdrawal without prior notice at any time.

Manhattan Commercial Property Sales Show Mixed Results

First Quarter 2011 Volume Is 58% Above Q1 2010 But Below Q4 2010

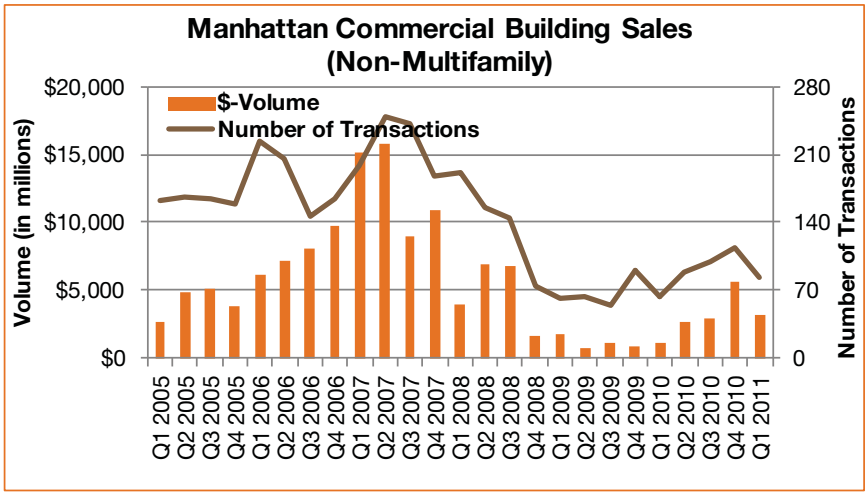
The average price paid for multifamily properties was $388 per square foot, down from $402 in the fourth quarter of 2010 but above every other quarter in 2009 and 2010.

The largest multifamily sale was INVESCO's purchase of 290 Third Avenue for $122.5 million. The sale that works out to $676 per square foot was the only multifamily transaction for more than $100 million in the quarter.

Non-Multifamily Commercial Sales

As shown in the chart below, the volume of non-multifamily properties was $2.9 billion which was in line with the second and third quarters of 2010. The largest transaction in the quarter was the sale of 1 Park Avenue for $374 million. Vornado Realty Trust in a co-investment with its real estate fund acquired a 95% interest from Murray Hill Properties.

The other noteworthy acquisition was retail firm Inditex's purchase of a 38,750-retail condo at 666 Fifth Avenue. This former NBA space is one of the most coveted retail locations in the Plaza district. According to its press release, the user-buyer plans to open a flagship Zara retail clothing store in the space.



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

The number of transactions fell to 71 in the first quarter from 117 in the fourth quarter of 2010.

These numbers are still preliminary, some transaction data does not get recorded for a few weeks after the quarter closes, but these early results show that the market indeed took a breather in most property types following a surge at the end of 2010.

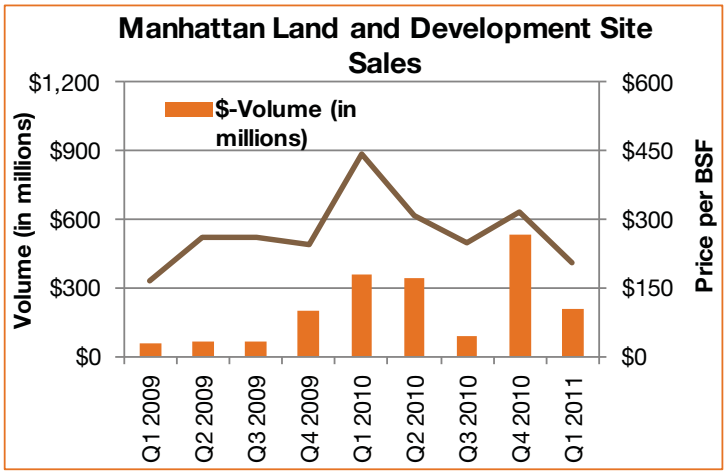
The results by property type are mixed as shown below. Only retail property sales had an increase in volume in the first quarter.

EASTERN CONSOLIDATED ™
Real estate investment services

Information contained herein is from sources deemed reliable but is subject to errors, omissions, change of price or terms, and withdrawal without prior notice at any time.

Manhattan Commercial Property Sales Show Mixed Results

First Quarter 2011 Volume Is 58% Above Q1 2010 But Below Q4 2010

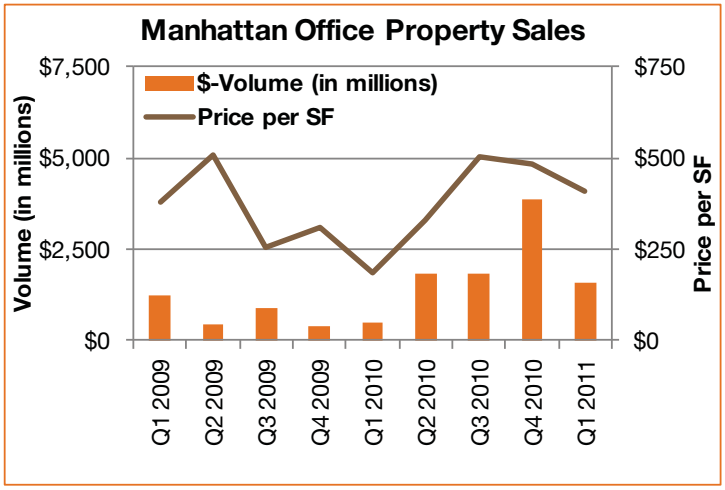


**Preliminary Estimates*
Source: Eastern Consolidated, Property Shark, CoStar and NYC Department of Finance

Development site sales fell to $210 million from over $500 million in the fourth quarter of 2010.

The largest sale in the quarter was the $125 million sale of 150-160 West 62nd Street. Glenwood Management bought the site to build a high-rise residential tower that is part of Fordham University's development program.

The average price paid in the quarter fell to $219 per buildable square foot from last quarter's average of $315. This was due to the location of the land sales; that is, more were in Upper and Lower Manhattan, fewer were in Midtown.



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

The volume of office transactions declined to $1.6 billion from $3.9 billion in the fourth quarter of 2010, but 45% of this fourth quarter volume was attributed to 111 Eighth Avenue. Netting out this transaction puts the first quarter volume 27% below the fourth quarter but in line with the second and third quarter numbers.

The average price paid was little changed at just under $400 per square foot.

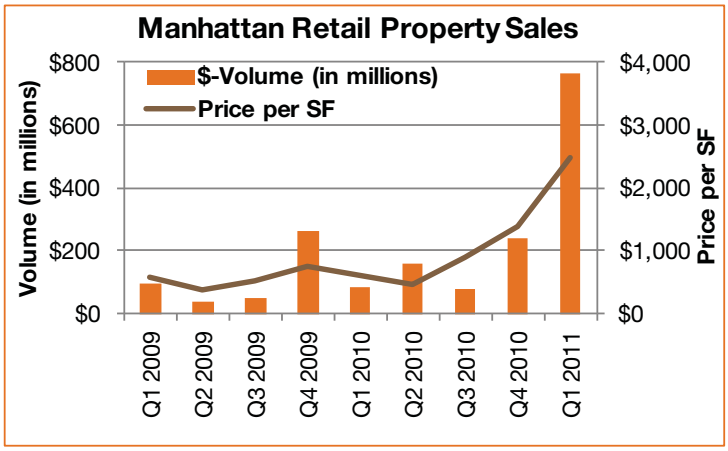
The number of transactions fell to 35 from 54 in the previous quarter.

EASTERN CONSOLIDATED™
Real estate investment services

Information contained herein is from sources deemed reliable but is subject to errors, omissions, change of price or terms, and withdrawal without prior notice at any time.

Manhattan Commercial Property Sales Show Mixed Results

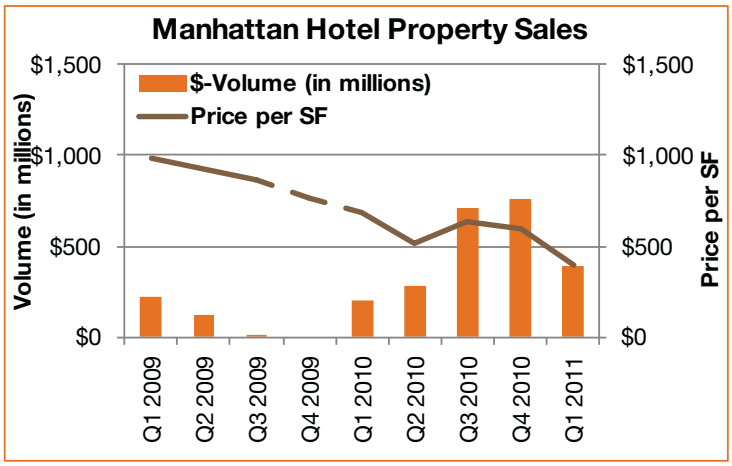
First Quarter 2011 Volume Is 58% Above Q1 2010 But Below Q4 2010



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

The volume of retail property sales jumped in the quarter due largely to the retail condo at 666 Fifth Avenue. This sale pushed the average price paid to $1,754 per square foot in the quarter from $1,380 in the prior quarter.

In another significant transaction, Forest City Enterprises sold a 49% interest in their retail properties to Madison International Realty for $172.3 million. The 15-property portfolio is spread across New York City with two properties in Manhattan: 234 West 42nd Street, a prime retail building in the heart of Times Square and Harlem Center at 125 West 125th Street.



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

The volume of hotel sales fell to $360 million from $760 million in the fourth quarter of 2010 and $710 in the third quarter. he average price declined to $370 from just under $600 per square foot. A year ago, volume was $283 million.

There were only three hotel sales in the quarter including the New York Helmsley Hotel at 212 East 42nd Street. The hotel that had been owned by the Helmsley Charitable Trust traded for $313.5 million or $624 per square foot.

While the first quarter was a sharp retreat following last quarter's growth, the pace of the recovery in 2011 is still expected to outpace that of 2010.

According to President, Daun Paris, "Our pipeline of pending transactions is higher than it's been in three years. The pent-up demand from investors who stood on the sidelines for the last three years is starting to show in the interest in our listings."

— Daun Paris, President, Eastern Consolidated

EASTERN CONSOLIDATED™
Real estate investment services

Information contained herein is from sources deemed reliable but is subject to errors, omissions, change of price or terms, and withdrawal without prior notice at any time.