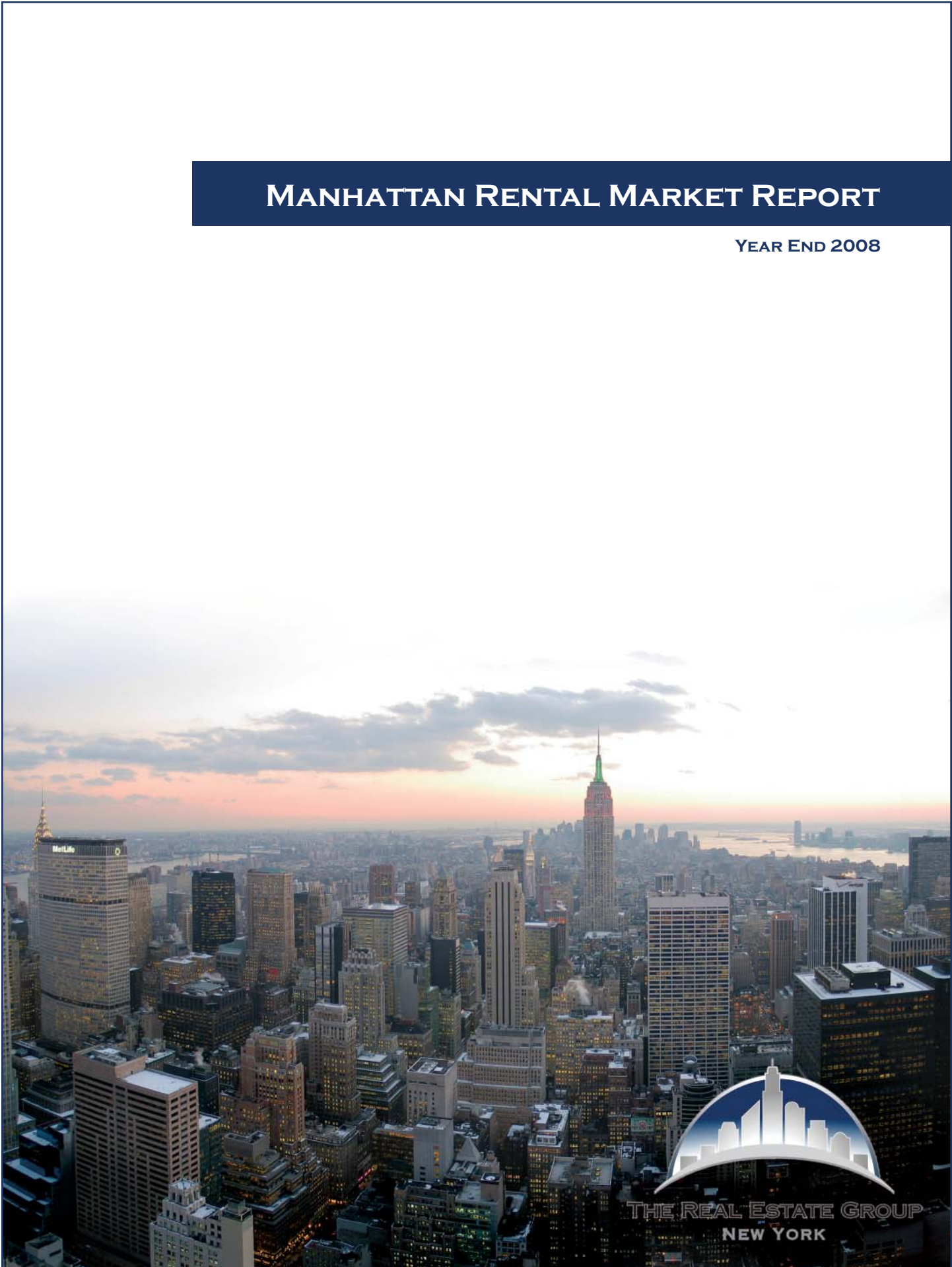


MANHATTAN RENTAL MARKET REPORT

YEAR END 2008



THE REAL ESTATE GROUP
NEW YORK

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LETTER FROM OUR CHIEF OPERATING OFFICER



We are proud to present The Real Estate Group's second annual Year End Report, the summation of our second year's worth of data collected from our monthly Manhattan Rental Market Reports. We hope you find these pages useful in determining the rental trends of Manhattan's major neighborhoods, as well as the overall climate of the Manhattan rental market during the course of 2008.

We can all agree that 2008 will be looked upon as the year that Manhattan finally capitulated to the trends that were already plaguing the rest of the nation. While we started the year with high hopes that the market would buck trends and continue its path of relative stability, the Wall Street collapse eventually brought reality to bear.

The uncertainty and job loss from the financial markets finally hit Manhattan's rental market toward the end of the summer, bringing rising vacancies and tumbling rents. The Manhattan market, that was at one time very much favorable to owners and landlords, turned into an unquestionable renters' market in a fairly short period.

To the contrary, from a tenant's standpoint, 2008 may be considered particularly favorable, especially when compared with recent years past. Prices fell in nearly all categories and unit sizes, with the exception of doorman two-bedrooms, and year-over-year comparisons showed decreases in all but non-doorman studios. Moreover, concessions, which have not recently been seen in Manhattan, have become the norm.

Looking ahead, the numbers suggest that renters are taking advantage of the opportunities provided by the downturn, but that concessions alone will not be enough to return Manhattan's rental market to stability. Realistically speaking, 2009 looks to be a continuation of the downward pressure we have already felt in the fourth quarter of 2008. I strongly recommend that owners and landlords continue to be aggressive in protecting their portfolios from rising vacancies. Offering concessions, paying broker fees and, when necessary, dropping rents will help keep units occupied.

As an entrepreneur, I look at 2009 with hope that the changes the new administration has promised to bring will move us through the downturn quickly, but only time will tell.

A handwritten signature in black ink, appearing to read 'Daniel Baum'.

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

A QUICK LOOK

Year-over-year Changes*:

MANHATTAN NON-DOORMAN RENTS: 2007 vs. 2008			
	2007	2008	Change
Studios	\$2,108	\$2,123	0.71%
One-bedrooms	\$2,917	\$2,865	-1.78%
Two-bedrooms	\$4,031	\$4,000	-0.78%

MANHATTAN DOORMAN RENTS: 2007 vs. 2008			
	2007	2008	Change
Studios	\$2,676	\$2,616	-2.24%
One-bedrooms	\$3,739	\$3,726	-0.35%
Two-bedrooms	\$5,617	\$5,603	-0.24%

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

Average Changes Over 2008**:

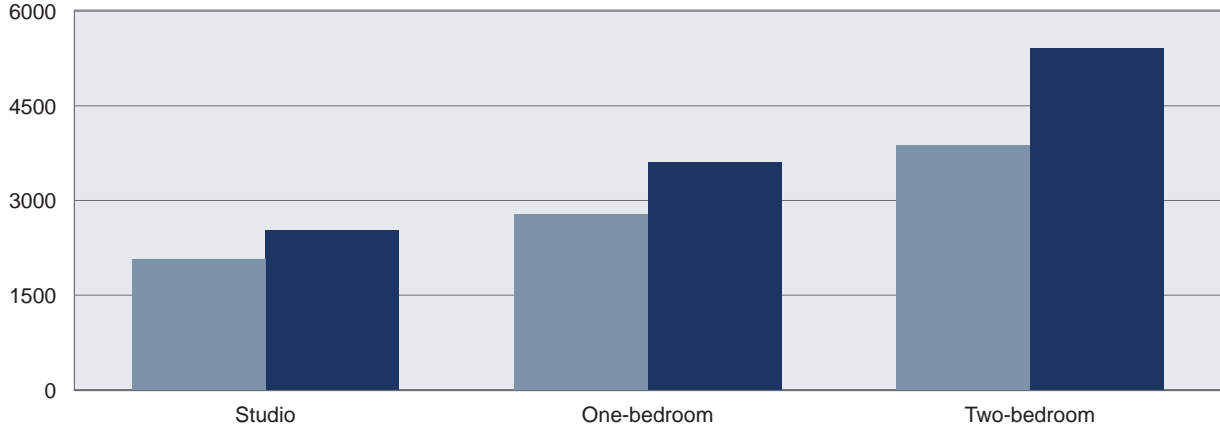
CITYWIDE AVERAGE PRICE CHANGES OVER 2008*		
	Non-Doorman	Doorman
Studios	-1.63%	-7.38%
One-bedrooms	-5.46%	-4.90%
Two-bedrooms	-5.58%	0.08%

**Average price changes were obtained by calculating the percentage of change between the average asking rents at the start of 2008 (January) and at the end of 2008 (December).

MEAN MANHATTAN RENTAL PRICES

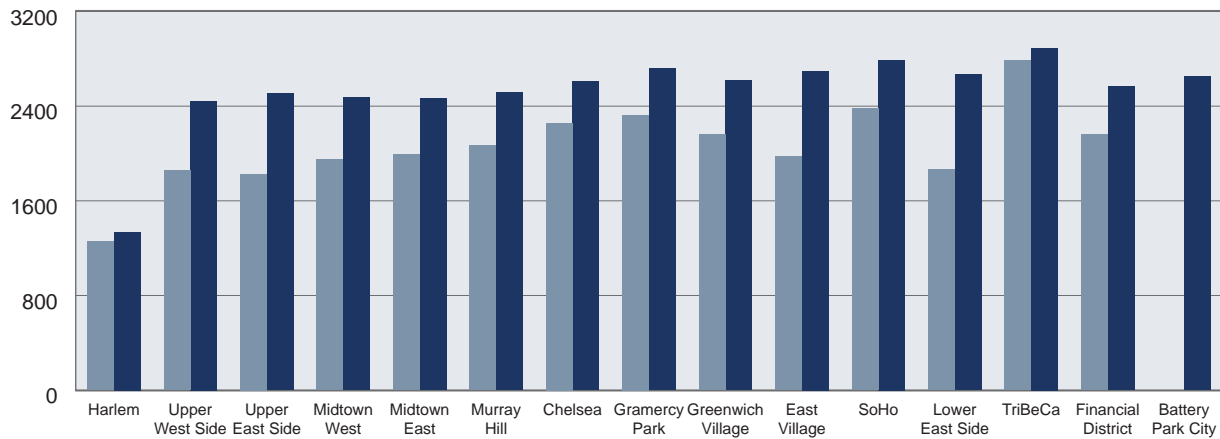
The Mean Rental Price graphs illustrate average monthly rents for studios, one-bedrooms and two-bedrooms in doorman and non-doorman buildings for the year of 2008.

2008 Mean Manhattan Rental Prices



■ Doorman	2,530	3,600	5,406
■ Non-doorman	2,061	2,782	3,879

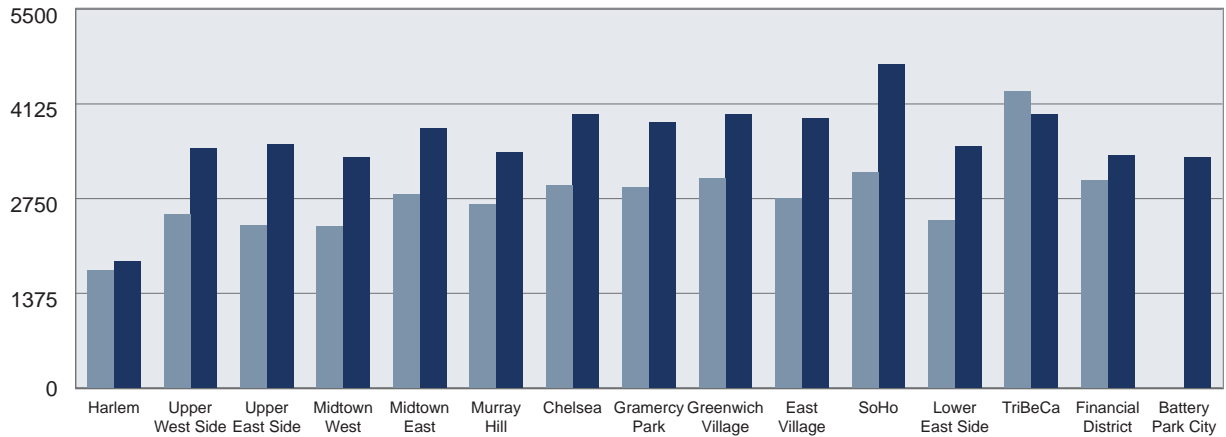
2008 Mean Studio Rental Prices



■ Doorman	1,337	2,444	2,509	2,475	2,463	2,518	2,610	2,717	2,615	2,697	2,790	2,667	2,892	2,568	2,653
■ Non-doorman	1,256	1,855	1,828	1,949	1,994	2,070	2,258	2,326	2,158	1,975	2,378	1,863	2,785	2,163	-

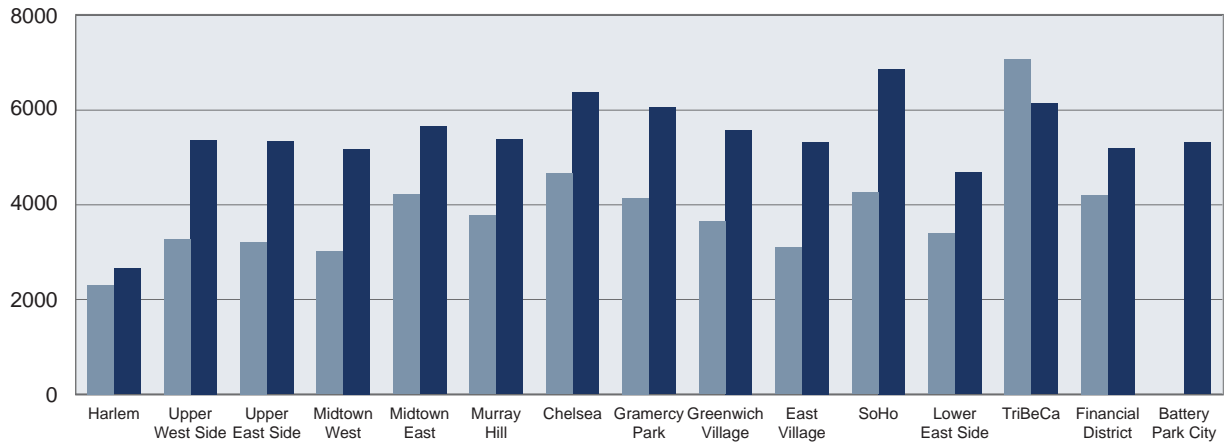
MEAN MANHATTAN RENTAL PRICES

2008 Mean One-bedroom Rental Prices



Doorman	1,834	3,475	3,538	3,344	3,768	3,425	3,979	3,860	3,966	3,915	4,693	3,505	3,973	3,378	3,346
Non-doorman	1,703	2,514	2,361	2,342	2,809	2,671	2,938	2,911	3,046	2,756	3,133	2,434	4,310	3,017	-

2008 Mean Two-bedroom Rental Prices



Doorman	2,653	5,368	5,333	5,177	5,653	5,374	6,367	6,062	5,583	5,328	6,867	4,678	6,144	5,201	5,310
Non-doorman	2,304	3,275	3,216	3,019	4,212	3,769	4,660	4,147	3,651	3,104	4,263	3,395	7,083	4,206	-

NOTABLE TRENDS

2008 The Year of Uncertainty — 2008 started off with no clear path and that uncertainty carried on throughout the year. As the months progressed, it seemed as though Manhattan renters, landlords and owners were all waiting for reality to hit as they fumbled for balance. Then, it seemed as though in the blink of an eye, Manhattan went from being described as a healthy rental climate to a full-fledged renters' market. No fee, OP, free rent and other concessions became headlines overnight. The abruptness with which the turn occurred is the most notable trend for Manhattan's rental market in 2008.

Condos go rental — As the sales market continues to take hits from the credit crunch and Wall Street collapse, more and more condo projects are faced with the possibility of going rental, some already have. These units are offering renters with luxury tastes many more options and price points and we expect this trend to continue into 2009.

LES no longer less — The Lower East Side was once just cheap, but now it's chic too. The area's newly-constructed high-end apartments have helped hipsters solidify the LES's status as an "in" neighborhood.

NEIGHBORHOOD PRICE TRENDS

UPPER WEST SIDE

UPPER WEST SIDE AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	3.07%	-12.45%
One-bedrooms	-2.10%	-7.97%
Two-bedrooms	9.38%	5.24%

UPPER EAST SIDE

UPPER EAST SIDE AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-5.40%	-8.54%
One-bedrooms	-7.34%	-2.72%
Two-bedrooms	-5.06%	7.12%

MIDTOWN WEST

MIDTOWN WEST AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-11.21%	-2.25%
One-bedrooms	-3.88%	2.17%
Two-bedrooms	-10.05%	-4.04%

MIDTOWN EAST

MIDTOWN EAST AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-4.51%	-15.41%
One-bedrooms	1.52%	-10.26%
Two-bedrooms	5.89%	-0.20%

**Average price changes were obtained by calculating the percentage of change between the average asking rents at the start of 2008 (January) and at the end of 2008 (December).

NEIGHBORHOOD PRICE TRENDS

MURRAY HILL

MURRAY HILL AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-2.66%	-2.25%
One-bedrooms	-3.27%	-3.29%
Two-bedrooms	1.09%	-1.64%

CHELSEA

CHELSEA AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-0.38%	-2.09%
One-bedrooms	-17.48%	-7.43%
Two-bedrooms	-4.10%	-2.57%

GRAMERCY PARK

GRAMERCY PARK AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-14.88%	-9.39%
One-bedrooms	-17.87%	-9.38%
Two-bedrooms	-20.10%	-9.54%

GREENWICH VILLAGE

GREENWICH VILLAGE AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-3.77%	-6.66%
One-bedrooms	4.79%	-1.44%
Two-bedrooms	5.62%	13.06%

NEIGHBORHOOD PRICE TRENDS

EAST VILLAGE

EAST VILLAGE AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-3.17%	-7.34%
One-bedrooms	-2.37%	-13.14%
Two-bedrooms	-10.48%	-3.23%

SoHo

SOHO AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-6.21%	-0.51%
One-bedrooms	1.23%	8.24%
Two-bedrooms	-16.08%	-0.43%

LOWER EAST SIDE

LOWER EAST SIDE AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	2.02%	-19.43%
One-bedrooms	4.45%	-10.80%
Two-bedrooms	-6.07%	9.67%

TRIBECA

TRIBECA AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	2.47%	-0.92%
One-bedrooms	-14.06%	1.16%
Two-bedrooms	-11.39%	14.02%

NEIGHBORHOOD PRICE TRENDS

FINANCIAL DISTRICT

FINANCIAL DISTRICT AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	17.30%	-1.91%
One-bedrooms	-6.84%	2.49%
Two-bedrooms	1.70%	-8.40%

BATTERY PARK CITY

BATTERY PARK CITY AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	-	-13.35%
One-bedrooms	-	-14.99%
Two-bedrooms	-	-1.20%

HARLEM

HARLEM AVERAGE PRICE CHANGES OVER 2008**		
	Non-Doorman	Doorman
Studios	14.21%	-6.22%
One-bedrooms	1.08%	-6.97%
Two-bedrooms	-6.44%	-20.95%

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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