

NEW YORK

Overview

Map



Summary of Last Twelve Months vs. Historical Minimum, Maximum, and Average

	Current Vacancy*	Net New Supply (000SF)**	Net Absorption (000SF)**
Apartment	↑ 4.7% 3.2% — 5.4% 88:1 — 92:3	↓ 4,625 -87 — 16,868 93:3 — 86:3	↓ -6,643 -12,354 — 17,993 90:4 — 84:4
Office	↑ 10.7% 2.6% — 17.0% 82:1 — 91:2	↓ -14,988 -17,413 — 8,966 01:3 — 85:2	↓ -24,061 -25,276 — 7,971 01:4 — 00:1
Retail	↑ 7.9% 5.4% — 15.9% 00:3 — 82:2	↓ 2,121 611 — 3,457 82:2 — 98:2	↓ -1,132 -5,526 — 9,584 91:1 — 99:3
Warehouse	↑ 10.2% 6.5% — 12.5% 82:1 — 90:3	↓ 189 70 — 946 94:4 — 88:2	↓ -263 -263 — 943 02:2 — 88:2
Hotel	↓ 71.7% 83.2% — 67.4% 00:3 — 91:4	⇄ 1,494 -570 — 3,802 84:4 — 85:4	↓ -4,239 -5,702 — 3,472 02:1 — 00:4

*Occupancy for Hotels

**Apartment and Hotel data are in units.

NEW YORK

Analysis/Economy

Notable Economic and Real Estate Market Events

- **ECON** – New York continues to suffer disproportionately from the events of September 11th and a struggling stock market. Total employment was down 97,775 jobs as of June, equating to a 2.3% drop. Month over month in April and May, the metro experienced job growth, but employment dipped again in June. **The pace of local job losses is more than twice the national average.** FIRE sector employers continue to battle weak market conditions and are cutting jobs, adding to the decline of payrolls in this sector. JP Morgan, Bear Stearns, Morgan Stanley, Reuters, and CIBC have all cut jobs recently. Between layoffs and relocations after September 11th, the FIRE sector was down 32,300 jobs for the year ending in June. In contrast, FIRE sector employers have experienced slight gains nationally. Business Services has also been a major source of losses. The sector was down almost 15,700 jobs, or more than 4% during this period. **Every major sector with the exception of government (505 jobs created) has contracted over the past 12 months.**
- **APT** – Job losses and relocations have impacted net migration, which was sharply negative last year as **more than 79,000 residents left the metro.** However, a recent New York Times survey shows that **downtown apartment landlords are faring surprising well.** Rent discounts and government incentives have helped bring some residents back and attract new ones and apartment vacancies around the World Trade Center site have tightened considerably. **At their nadir, apartment vacancies around ground zero were reportedly averaging 45%.** Vacancies have been rising across the metro as the local economy has struggled, but are not expected to top 5%. Construction completions are expected to peak this year at just under 6,000 units. **Activity has been ramping up in Westchester County** with two major projects in the pipeline. A steady supply of units is also expected to come on line in Queens over the forecast.
- **OFF** – The office market continues to cope with **relocations and job cuts by some of its largest tenants.** Losses will be slow to ebb as Goldman Sachs readies to move 2,000 workers to its 1.3 million SF campus in Jersey City next year and Morgan Stanley plans to move 1,500 to 2,000 out of Manhattan (but still in the metro to the former Chevron/Texaco HQ in Westchester County). Vacancies climbed to 10.7% in the second quarter, up roughly three percentage points from cyclical lows and are expected to top their 10.9% historical average this year. **New York has also been impacted by recent corporate woes,** as Arthur Andersen backed out of a lease of more than 500,000 SF at Boston Properties' Times Square Tower and WorldCom holds leases on almost 700,000 SF in nine locations throughout the metro. **Construction levels remain strong due to tower construction in Midtown Manhattan** and 6.7 million SF are currently underway, including Vornado's 900,000 SF tower at 59th and Lexington. Bloomberg has committed to 700,000 SF in the building, which will complete in early 2004.
- **RET** – New York's economic climate has not been conducive to healthy levels of retail sales in recent quarters, and economic vacancies have risen. Retail sales are expected to rebound later this year, however, and fundamentals will realize some tightening in the outer years of the forecast. Developers have been active here since the late 1990s, and are expected to continue providing a steady flow of new product. The retail components of new office projects in Manhattan will contribute to this activity, but **big-box expansion in the outer boroughs should account for the majority of new space.** It remains unclear if the 430,000 SF World Trade Center retail concourse will be replicated in future redevelopment and plans for the site are still in the works.
- **WHS** – Warehouse vacancies have deteriorated somewhat over the past two years, but conditions have remained relatively stable. **Demand has been stagnant here, but the market is experiencing a flurry of activity near JFK International.** Airis is underway on 435,000 SF of cargo facilities at JFK and International Airport Centers is expected to finish a 265,000 SF project nearby later this year.
- **HOT** – Hotel occupancies have yet to pick up in New York as tourism suffers from both economic conditions and the events of September 11th. The 463-room Embassy Suites in Battery Park City recently reopened after being closed by the attacks. New construction is expected to slow and **occupancies should recover steadily over the forecast.**

Demographic Trends

Category	2002*		Annual Growth Rates					
	Market	U.S.	1982-1991		1992-2001		2002-2006	
			Market	U.S.	Market	U.S.	Market	U.S.
Population	9,326	288,644	0.4%	1.0%	0.8%	1.2%	0.1%	0.9%
Households	3,493	107,955	0.2%	1.3%	0.7%	1.3%	0.4%	1.1%
Median Household Income	\$48,252	\$44,924	6.6%	4.4%	3.7%	3.7%	3.6%	3.4%
Apartment-Renting Households	2,307	36,052	-0.2%	1.7%	0.5%	0.5%	0.3%	1.2%
Real Retail Sales Per Capita	\$3,084	\$4,493	0.9%	1.5%	0.6%	1.8%	1.4%	1.5%

Employment Trends

SIC Category	2002*		Annual Growth Rates					
	Employment	Location Quotient	1982-1991		1992-2001		2002-2006	
			Market	U.S.	Market	U.S.	Market	U.S.
Total Services	1,652	1.3	1.7%	4.3%	2.8%	3.7%	1.7%	2.6%
Business Services	344	1.2	-0.4%	6.6%	4.0%	6.2%	2.1%	3.1%
Other Services	1,308	1.3	2.2%	3.8%	2.5%	3.0%	1.6%	2.5%
Retail Trade	524	0.7	-0.0%	2.5%	1.7%	2.0%	1.3%	1.6%
Government	653	1.0	1.2%	1.6%	-0.3%	1.3%	-0.0%	0.7%
Manufacturing	269	0.5	-4.1%	-0.6%	-3.0%	-0.6%	-0.6%	-0.3%
F.I.R.E.	485	2.0	0.2%	2.2%	-0.3%	1.5%	-0.1%	0.9%
Wholesale Trade	210	1.0	-1.8%	1.3%	-1.0%	1.4%	0.7%	1.2%
Trans., Comm., Util.	228	1.0	-1.3%	1.1%	-0.3%	2.0%	0.0%	1.0%
Construction	157	0.7	1.3%	1.4%	2.9%	4.2%	1.3%	0.6%
Mining	0	0.0	-10.3%	-6.0%	1.4%	-1.6%	-1.4%	-1.2%
Total Employment	4,178	1.0	0.1%	1.9%	0.9%	2.0%	0.9%	1.4%
Office-Using Employment	1,301	1.4	0.4%	3.0%	1.2%	2.9%	0.9%	1.9%
Trucking/Warehouse Employment	243	0.9	-1.4%	1.5%	-0.8%	1.7%	0.6%	1.2%

*All units (except for dollar denominated figures) in thousands.

Current Economic Indicators

Employment Growth 6/02	Labor Force Growth 6/02	Unemployment Rate 6/02	Employment Volatility Ratio	Net Migration (000) 2001	Cost Indices (U.S. = 100)	
					Business	Living
-2.3%	1.9%	7.3%	0.9	-79.1	129	128

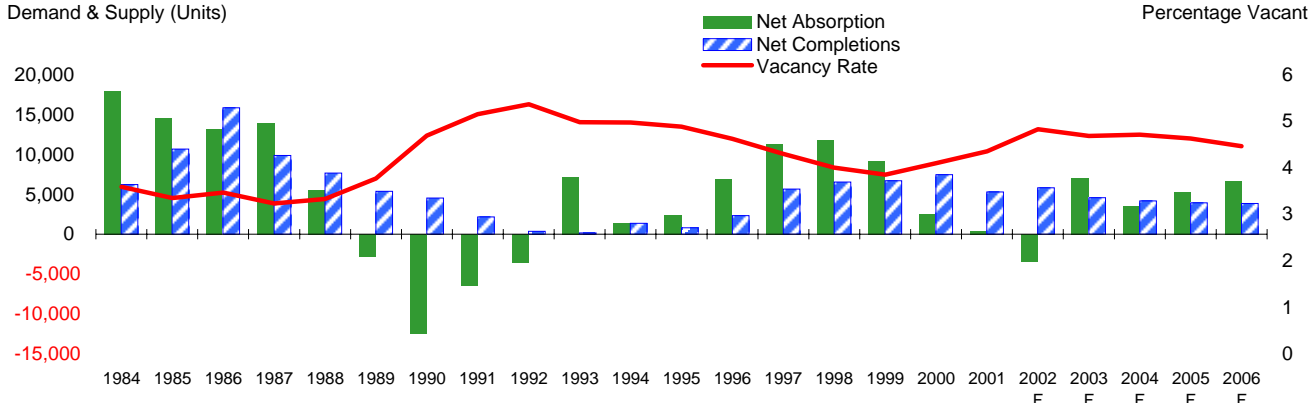
Sources: PPR; Economy.com

NEW YORK

Apartment

Supply, Demand, and Vacancy

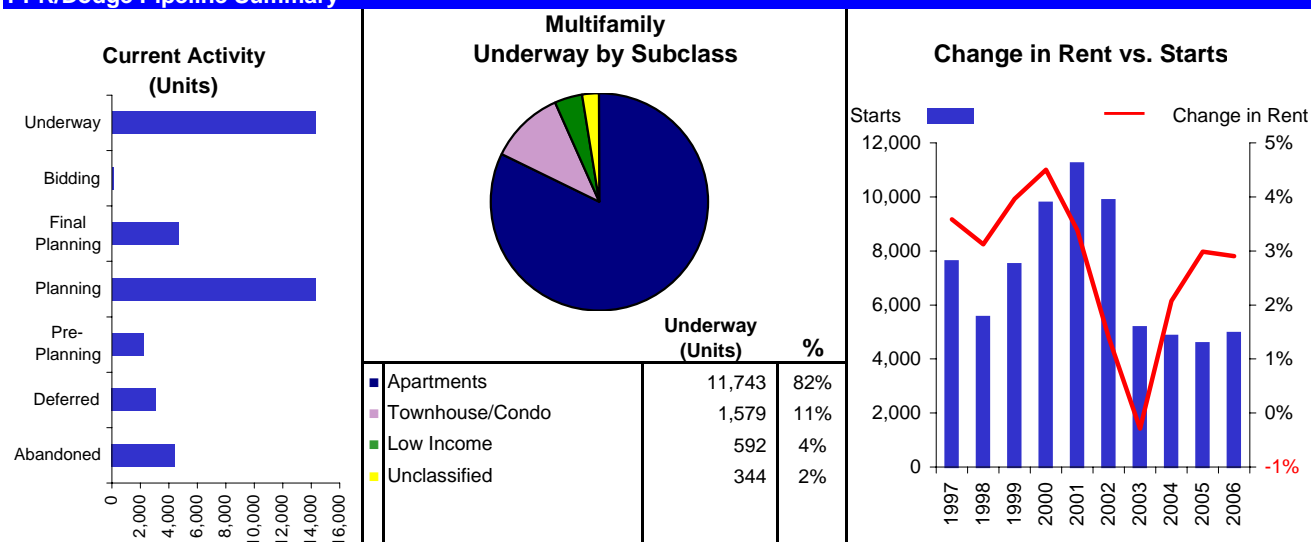
Demand & Supply (Units)



Apartment Market Statistics (Units)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apt. Vacancy	4.3%	4.0%	3.9%	4.1%	4.4%	4.8%	4.7%	4.7%	4.6%	4.5%
Apt. Net Absorption	11,260	11,798	9,215	2,543	419	-3,359	7,069	3,561	5,302	6,690
% Growth	0.6%	0.7%	0.5%	0.1%	0.0%	-0.2%	0.4%	0.2%	0.3%	0.4%
Multifamily Starts	7,620	5,561	7,509	9,789	11,238	9,881	5,173	4,855	4,590	4,965
% Change	94.4%	-27.0%	35.0%	30.4%	14.8%	-12.1%	-47.6%	-6.1%	-5.5%	8.2%
Net Apt. Completions	5,653	6,559	6,713	7,467	5,285	5,820	4,602	4,182	3,927	3,862
Apt. Inventory	1,833,852	1,840,411	1,847,124	1,854,592	1,859,877	1,865,697	1,870,299	1,874,481	1,878,408	1,882,270
% Growth	0.3%	0.4%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
Apt. Rent Index	104	107	111	116	120	122	121	124	128	131
% Change	3.6%	3.1%	4.0%	4.5%	3.4%	1.4%	-0.3%	2.1%	3.0%	2.9%

PPR/Dodge Pipeline Summary

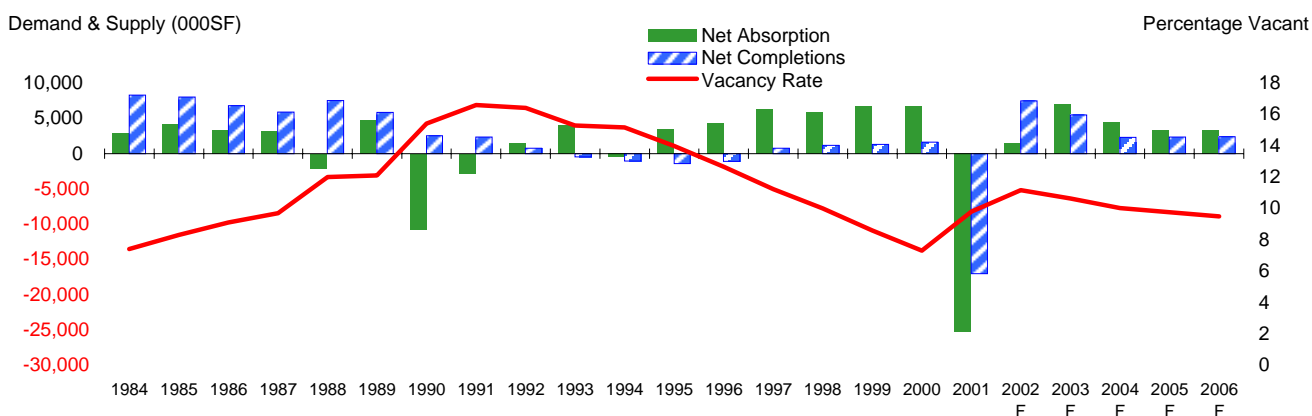


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

NEW YORK

Office

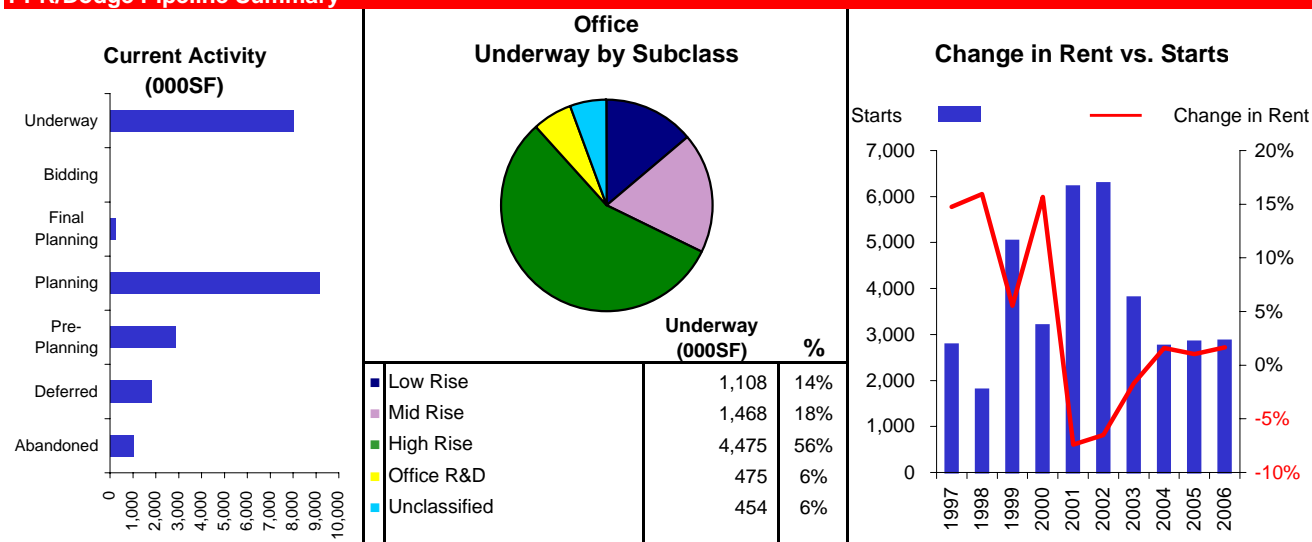
Supply, Demand, and Vacancy



Office Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	11.2%	10.0%	8.6%	7.3%	9.8%	11.2%	10.6%	10.0%	9.8%	9.5%
Net Absorption	6,264	5,859	6,691	6,632	-25,276	1,487	6,954	4,412	3,180	3,190
% Growth	1.8%	1.7%	1.9%	1.8%	-6.9%	0.4%	2.0%	1.3%	0.9%	0.9%
Starts	2,785	1,802	5,039	3,204	6,221	6,292	3,806	2,758	2,844	2,864
% Change	22.7%	-35.3%	179.6%	-36.4%	94.2%	1.1%	-39.5%	-27.5%	3.1%	0.7%
Net Completions	740	1,140	1,285	1,610	-17,021	7,472	5,474	2,278	2,351	2,391
Inventory	392,889	394,029	395,315	396,925	379,904	387,376	392,850	395,128	397,479	399,870
% Growth	0.2%	0.3%	0.3%	0.4%	-4.3%	2.0%	1.4%	0.6%	0.6%	0.6%
Rent Index	115	133	140	162	150	141	138	140	142	144
% Change	14.8%	15.9%	5.5%	15.7%	-7.4%	-6.5%	-1.7%	1.6%	1.0%	1.6%

PPR/Dodge Pipeline Summary



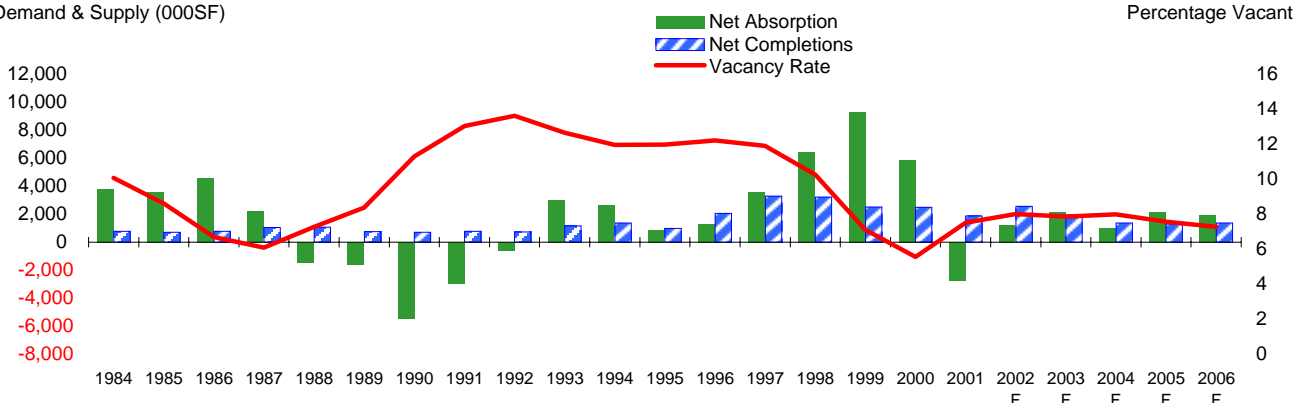
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

NEW YORK

Retail

Supply, Demand, and Vacancy

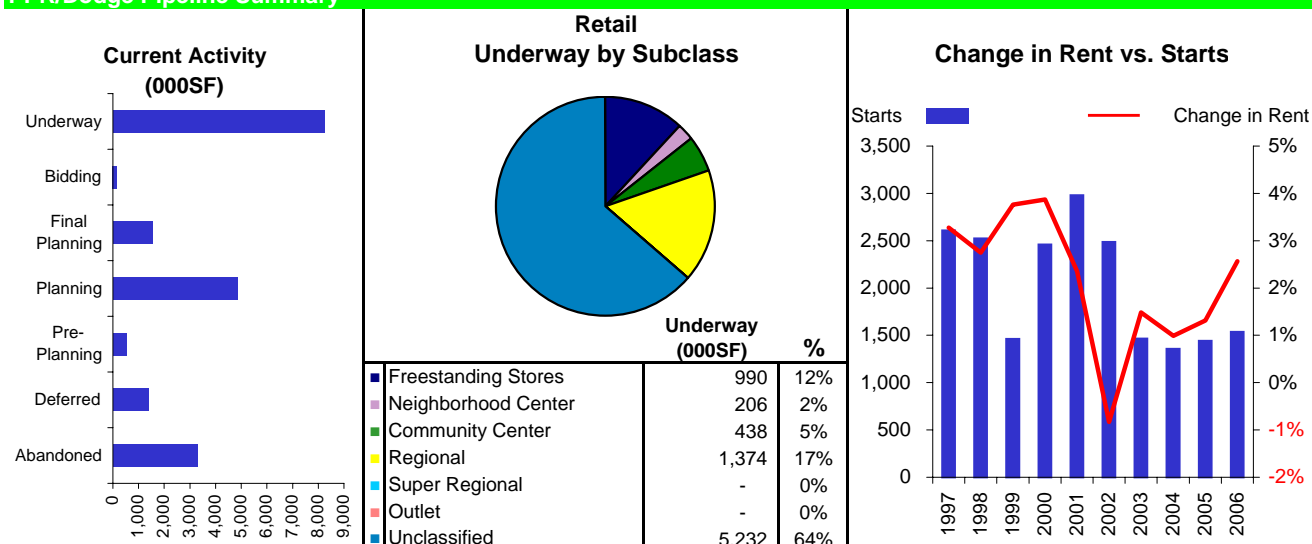
Demand & Supply (000SF)



Retail Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	11.9%	10.3%	7.1%	5.6%	7.5%	8.0%	7.9%	8.0%	7.6%	7.3%
Net Absorption	3,590	6,476	9,325	5,853	-2,706	1,211	2,125	982	2,177	1,928
% Growth	1.9%	3.4%	4.7%	2.8%	-1.3%	0.6%	1.0%	0.5%	1.0%	0.9%
Starts	2,607	2,522	1,461	2,459	2,979	2,485	1,466	1,355	1,440	1,536
% Change	-45.6%	-3.3%	-42.1%	68.3%	21.1%	-16.6%	-41.0%	-7.5%	6.3%	6.6%
Net Completions	3,296	3,218	2,525	2,501	1,867	2,555	1,937	1,367	1,293	1,368
Inventory	218,723	221,940	224,466	226,967	228,834	231,389	233,326	234,693	235,986	237,354
% Growth	1.5%	1.5%	1.1%	1.1%	0.8%	1.1%	0.8%	0.6%	0.6%	0.6%
Rent Index	103	106	110	114	117	116	118	119	121	124
% Change	3.3%	2.7%	3.8%	3.9%	2.4%	-0.8%	1.5%	1.0%	1.3%	2.6%

PPR/Dodge Pipeline Summary



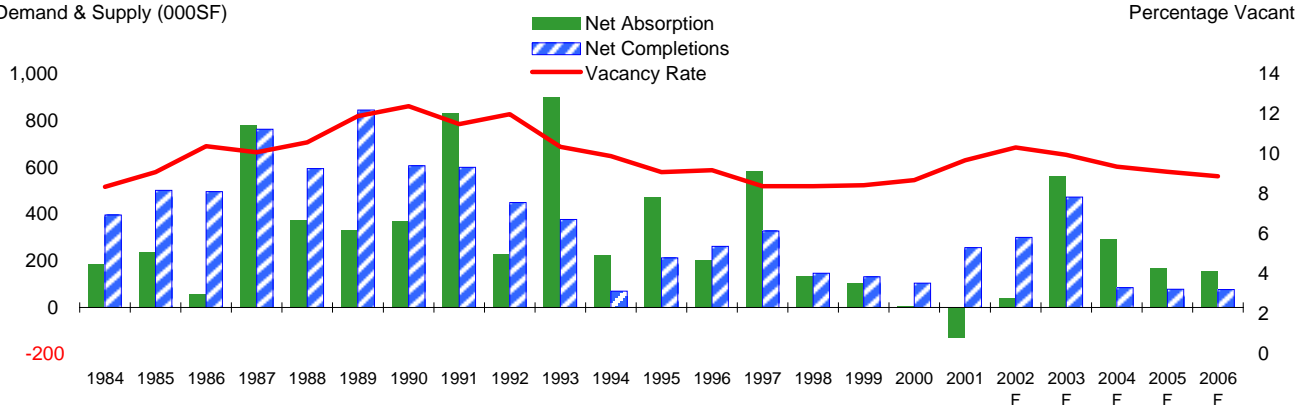
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

NEW YORK

Warehouse

Supply, Demand, and Vacancy

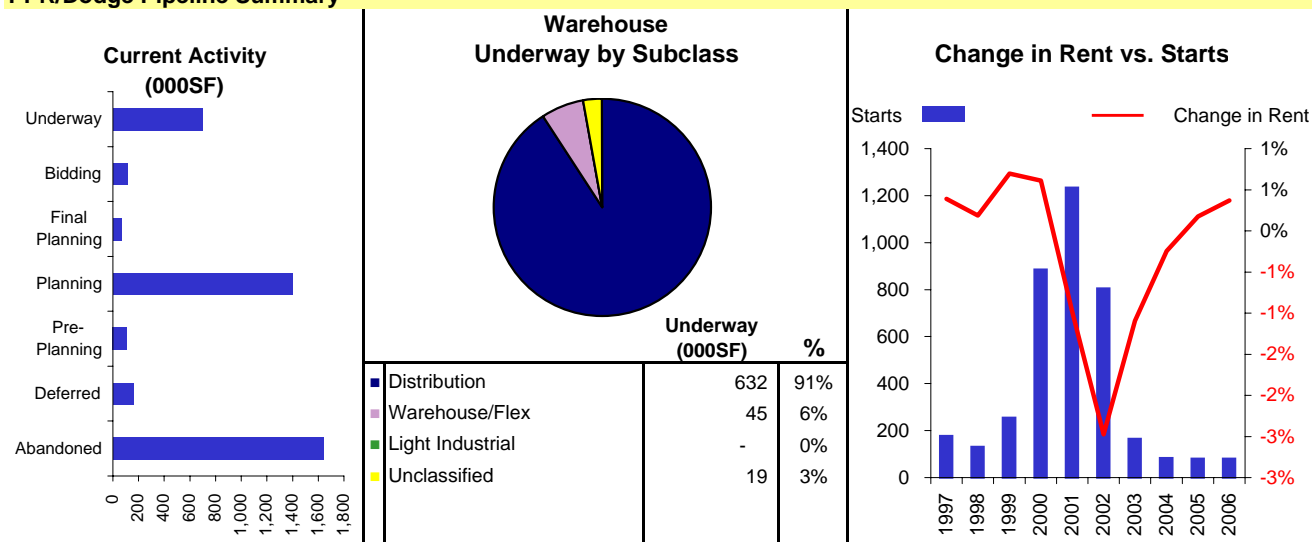
Demand & Supply (000SF)



Warehouse Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	8.4%	8.4%	8.5%	8.7%	9.7%	10.3%	10.0%	9.4%	9.1%	8.9%
Net Absorption	583	134	103	6	-129	38	562	293	167	157
% Growth	1.8%	0.4%	0.3%	0.0%	-0.4%	0.1%	1.7%	0.9%	0.5%	0.5%
Starts	176	130	255	885	1,233	805	165	84	81	80
% Change	-60.3%	-26.1%	95.8%	246.7%	39.3%	-34.7%	-79.5%	-49.2%	-3.8%	-0.6%
Net Completions	328	147	132	105	257	300	473	85	78	77
Inventory	35,674	35,821	35,953	36,058	36,315	36,616	37,089	37,173	37,251	37,328
% Growth	0.9%	0.4%	0.4%	0.3%	0.7%	0.8%	1.3%	0.2%	0.2%	0.2%
Rent Index	100	101	101	102	101	98	97	97	97	98
% Change	0.4%	0.2%	0.7%	0.6%	-1.0%	-2.5%	-1.1%	-0.2%	0.2%	0.4%

PPR/Dodge Pipeline Summary

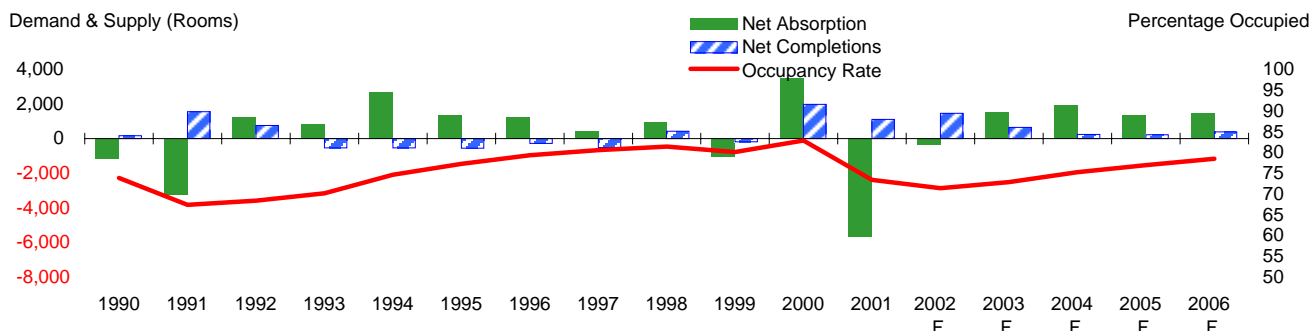


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

NEW YORK

Hotel

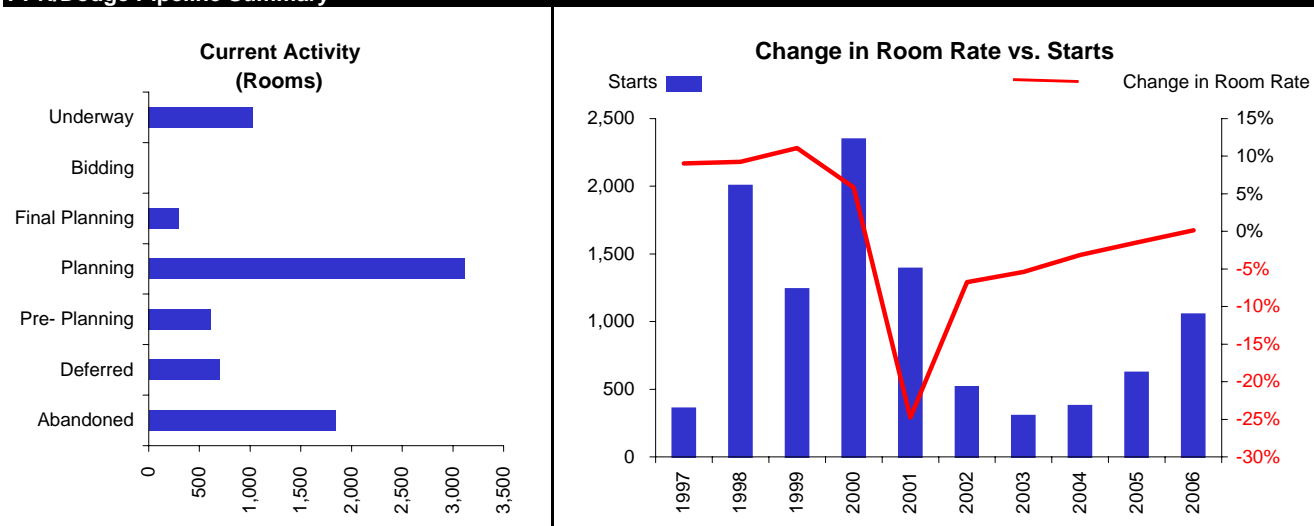
Supply, Demand, and Occupancy



Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Occupancy	80.6%	81.5%	80.1%	82.9%	73.4%	71.4%	72.9%	75.3%	77.0%	78.5%
Net Absorption	407	931	-1,039	3,472	-5,663	-345	1,506	1,920	1,382	1,445
% Growth	0.8%	1.7%	-1.9%	6.5%	-10.0%	-0.7%	3.0%	3.7%	2.5%	2.6%
Starts	357	2,003	1,240	2,346	1,390	516	302	375	623	1,052
% Change	-47.0%	461.1%	-38.1%	89.2%	-40.8%	-62.9%	-41.5%	24.2%	66.1%	68.9%
Net Completions	-509	436	-174	1,980	1,123	1,462	650	242	229	398
Inventory	66,383	66,819	66,645	68,625	69,748	71,210	71,859	72,101	72,330	72,728
% Growth	-0.8%	0.7%	-0.3%	3.0%	1.6%	2.1%	0.9%	0.3%	0.3%	0.6%
Room Rate Index	109	119	132	140	105	98	93	90	89	89
% Change	9.1%	9.2%	11.1%	5.8%	-24.8%	-6.8%	-5.4%	-3.1%	-1.5%	0.1%
RevPar Index	108	117	131	136	89	83	81	81	81	83
% Change	8.3%	8.3%	11.3%	4.2%	-34.5%	-7.1%	-2.0%	-0.6%	0.8%	1.9%

PPR/Dodge Pipeline Summary

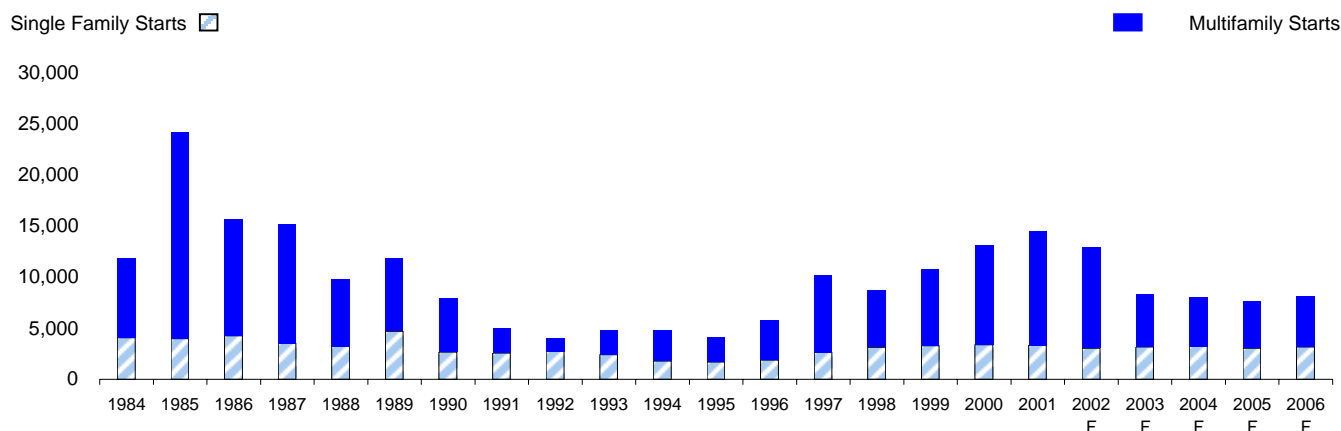


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

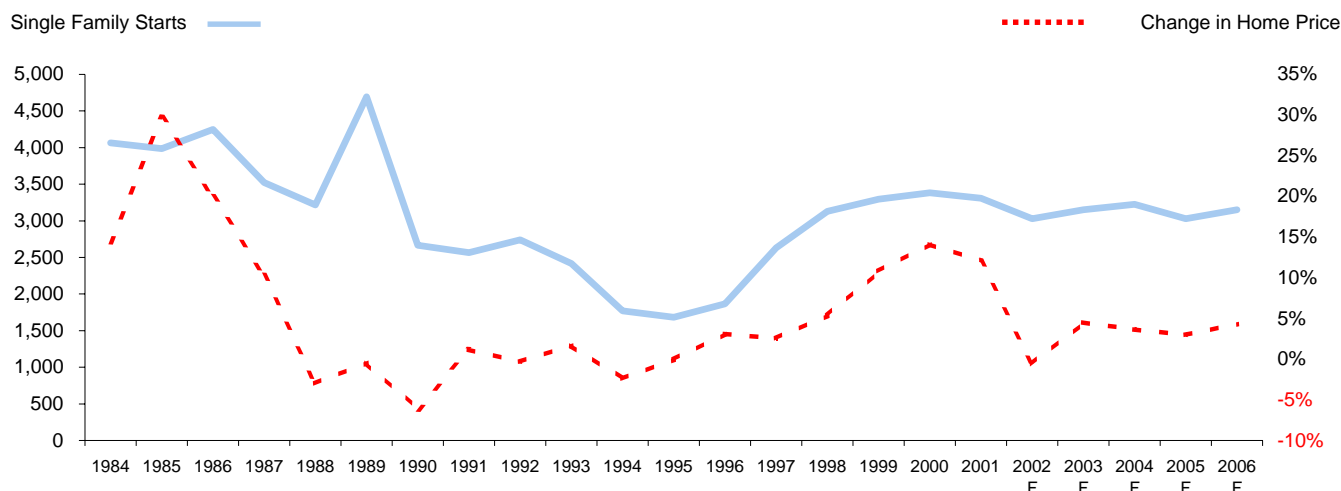
NEW YORK

Single Family

Housing Starts



Single Family Market



Sources: PPR; Economy.com

Single Family Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Starts	2,633	3,127	3,295	3,384	3,309	3,030	3,153	3,225	3,031	3,152
% Change	41.0%	18.8%	5.4%	2.7%	-2.2%	-8.4%	4.1%	2.3%	-6.0%	4.0%
Completions	2,355	2,863	3,450	3,248	3,395	3,109	3,043	3,278	3,043	3,126

Apartment Market Statistics

Multifamily Starts	7,620	5,561	7,509	9,789	11,238	9,881	5,173	4,855	4,590	4,965
% Change	94.4%	-27.0%	35.0%	30.4%	14.8%	-12.1%	-47.6%	-6.1%	-5.5%	8.2%
Apartment Completions	5,653	6,559	6,713	7,467	5,285	5,820	4,602	4,182	3,927	3,862

Sources: PPR; McGraw-Hill Construction - Dodge

NEW YORK

Apartment Projects

Projects

Title	Address	Units	Stage	Target Start	Target Completion
Queens West Northern Parcels (Stage II of Queens West)	Hunters Point in Long Island City, Queens West Queens	3,200	Planned	1/03	
City Center at White Plains	Martine Ave., Main St., and EJ Conroy Drive, White Plains Westchester	625	Planned	2/01	8/03
Avalon Riverview Phase II (Stage I of Queens West Construction)	Long Island City, Queens West Queens	600	Planned	12/02	
Bank Street Commons	Near White Plains Metro North station, White Plains Westchester	500	Underway		4/03
Apartment Tower Adjacent to Biltmore Theater	47th Street and 8th Avenue, Midtown (Hell's Kitchen) Manhattan	464	Planned	3/01	
Avalon on the Sound - Phase 1	downtown New Rochelle, New Rochelle Westchester	412	Completed		12/01
50 Murray Street	110 and 120 Church Street, Downtown Manhattan	400	Completed	12/00	12/01
Avalon Riverview Phase I (Stage I of Queens West Construction)	49th St. and Center Blvd., Queens West Queens	372	underway	12/00	10/02
22 River Terrace	22 River Terrace, Battery Park City North Manhattan	324	Completed		3/01
20 River Terrace	20 River Terrace (Site 18A), Battery Park City North Manhattan	262	Underway	6/01	9/02

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Office Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Reconstruction of 7 WTC	World Trade Center Downtown	2,000	Planned	12/02	
Queens West Commercial Development	Long Island City, Queens West Queens	2,000	Planned		
NYSE HQ Tenants: NYSE	across from current exchange Downtown	1,900	Deferred		3/05
270 Greenwich St. office tower	270 Greenwich St. between Warren and Murray, Tribeca Downtown	1,460	planned		5/04
New York Times HQ Tenants: New York Times	8th Ave btw 40th and 41st St., Times Square Midtown	1,370	planned	12/03	6/06
Times Square Tower Tenants: Arthur Andersen	South side of 42nd street between 7th and Broadway., Times Square Midtown	1,200	Underway	9/01	12/03
300 Madison Avenue Tenants: CIBC	42nd and Madison Ave., Times Square Midtown	1,200	underway	6/01	12/03
745 7th Ave (FKA Morgan Stanley Dean Witter Center) Tenants: Morgan Stanley	7th Ave btw 49th and 50th, Times Square Midtown	1,040	Completed	9/99	1/02
AOL Time Warner Center Tenants: AOL/Time Warner	at Columbus Circle site, Columbus Circle Midtown	1,000	Underway	3/01	12/03
59th and Lexington Tower Tenants: Bloomberg	59th Street and Lexington Ave. Midtown	900	Underway	5/02	1/04

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Retail Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Gateway Center Tenants: Home Depot, Target, and BJs	Near Starrett City Brooklyn	640	Underway		10/02
City Center at White Plains Tenants: Target, Circuit City	Mamaroneck Ave. and Main St., White Plains Westchester	470	Planned	2/01	8/03
Mall at Bay Plaza	Bronx	450	Completed	6/01	8/02
Queens Center Expansion	Queens Center mall Queens	400	Planned		
Coliseum at Columbus Circle Retail Component Tenants: J. Crew, Hugo Boss, A/X Armani Exchange	Old New York Coliseum Site Midtown South	364	Underway	3/00	12/03
Mixed-Use Development	parcel between Schermerhorn, Brooklyn Kings	349	Proposed		
LeCount Place Big Box Retail Development	LeCount Place -, New Rochelle Westchester	110	Cancelled		
Nanuet NY -K Mart Store	Route 59/Hutton Ave/Kemmer Ln, Nanuet Rockland	102	Deferred		
MBD New Horizons shopping center Tenants: Pathmark, Athlete's Foot, Blockbuster Video, and Rockaway Bedding	177th St. and Vyse Ave., Crotona Park East Bronx	100	Underway		12/02
IKEA Furniture	Bronx River Ave., South Bronx Bronx	0	Proposed		

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Warehouse Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
JFK Cargo Facilities Tenants: Lufthansa Cargo, Lufthansa Technik, Alliance Airlines	JFK International Airport Queens	435	Underway	2/02	6/03
Bldgs I & II International Airport Centers	Rockaway Blvd. Queens	265	Underway		11/02
New Fulton Fish Market at Hunts Point Tenants: Fulton Fish Market	South Bronx Bronx	177	Planned		6/03
Public Storage building	Northern Boulevard, Queens Queens	111	Planned		
Hunts Pointe Cooperative Market Refrig. Bldg. Tenants: Plymouth Beef and Nebraskaland	South Bronx Bronx	110	Completed		3/01

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Hotel Projects

Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
The Westin New York at Times Square (858 Rooms)	Eighth Avenue & 42nd Street, New York New York	863	Underway	6/00	11/02
The Hotel (new) and Biltmore Theatre (renovs)	261 West 47th St-Broadway, New York New York	750	Cancelled		
Manhattan East Suite Luxury Hotel - West Side	site selection in review -, New York New York	420	Cancelled		
Marriott Hotel-Conference Ctr -Public Park -Ferry Terminal	Southpoint -, New York New York	413	Planning		
Hawthorne Suites Hotel/Retail/Court House/Garage/Arena	span over Railroad tracks, Mt Vernon Westchester	400	Planning		
Hotel and Conference Center	off Old Saw Mill River Rd, Greenburgh Mt Plsnt Westchester	364	Deferred		
Rosewood Hotel & Resort / Pool	Manhattan sites in review -, New York New York	316	Planning		
Hampton Inn Hotel	144-10 135th Ave, Jamaica Queens	216	Completed	12/00	11/01
Bank St Commons Hotel	Main St and Bank St, White Plains Westchester	200	Planning		
60 E 55th - Boutique Hotel (approx 115 rooms)	60 E 55th St, New York New York	115	Planning	5/02	