

# New York

Vol. 47

THIRD QUARTER 2005

---

## ANALYZES:

CBD Office  
Suburban Office  
Industrial  
Retail  
Apartments

## REPORTS:

Property Prices  
Property Rents  
Market Forecasts (NEW)  
Demographic Highlights  
Local Economy  
Labor Force Characteristics  
Educational Achievement  
Tax Structure  
Housing & Living Costs  
Quality of Life Factors

A publication of the NATIONAL REAL ESTATE INDEX

# REPORT FORMAT

Vol. 47

**Metro Market Outlook** ("MMO") replaces the previous Metro Market Facts publication. While maintaining the basic "facts" components of the previous report, the new MMO has been reorganized to place the pertinent real estate information and commentary up front and adds a new **market forecast component**—hence the new name. MMO is now organized into two primary parts as follows:

**Part 1—Real Estate Facts and Forecast** presents an overview of key real estate facts including values, rents, cap rates, inventory, vacancy and absorption trends and includes a new section presenting a look-ahead forecast for the market, by property sector.

- Section I:** Local market price, and capitalization rate trends for the preceding 12 months.
- Section II:** Review of rent facts and trends for the local market by property sectors.
- Section III:** Inventory, vacancy, absorption and sales information for various property sectors.
- Section IV:** Market forecasts projecting a ranking of the investment potential for the market, by property sector, as compared to national averages. (This is a new section.)

**Part 2—Metro Market Facts** provides an in-depth look (generally in a tabular format) at the key economic, demographic, public policy, and quality of life factors that can affect the demand for real estate.

- Section V:** Snapshot highlighting the key economic, demographic and real estate-related findings.
- Section VI:** Local economic base and current labor force and job formation trends.
- Section VII:** Provides various educational costs and parameters.
- Section VIII:** Explores local living costs.
- Section IX:** Reports other important factors, including retail sales trends and international trade.
- Section X:** Local and state fiscal policies, including taxes and federal spending.
- Section XI:** Summarizes several key quality-of-life considerations.



**Dynamic Reporting available where this symbol appears.**

The National Real Estate Index has constructed a web-based interactive Dynamic Reporting tool that allows our premium service customers to customize their reported data in a wide variety of charting and graphing formats. The functionality is available to all full-year and enterprise-level subscribers.

For additional information on how to receive these services and pricing, please contact [paul.wildes@nrei.info](mailto:paul.wildes@nrei.info) or call (800) 992-7257.

# TABLE OF CONTENTS

|   |          |
|---|----------|
| <b>Market Definition</b>                          | <b>5</b> |
| <b>Metro Market Outlook—Regions/Local Markets</b> | <b>6</b> |
| <b>Metropolitan Map</b>                           | <b>7</b> |
| <b>Market Trends Summary</b>                      | <b>9</b> |

## Real Estate Facts & Forecast

### I. Value Facts & Trends

|   |    |
|---|----|
| A. Current Property Values/Cap Rates    | 10 |
| B. Value Trends                         | 11 |
| C. Other Property Class Values          | 11 |
| D. Local Market Property Value Rankings | 12 |
| E. Value Growth                         | 12 |

### II. Rent Facts & Trends

|  |    |
|--|----|
| A. Current Rent Facts                  | 13 |
| B. Rent Trends                         | 14 |
| C. Local Market Property Rent Rankings | 14 |
| D. Rent Growth                         | 15 |

### III. Inventory, Vacancy, Absorption & Sales

|                                      |    |
|--------------------------------------|----|
| A. Office—Manhattan                  | 16 |
| B. Office—Long Island                | 16 |
| C. Office—Westchester County         | 16 |
| D. Metropolitan Retail Sales Trends  | 17 |
| E. Metropolitan Average Retail Sales | 17 |

### IV. Market Forecast

|                           |    |
|---------------------------|----|
| A. Market•Score by Sector | 18 |
| B. Current Market•Scores  | 19 |
| C. Market•Score Trends    | 19 |
| D. Market Outlook Summary | 20 |

## Metro Market Facts

### V. Demographics

|  |    |
|--|----|
| A. Metro Population                                | 21 |
| B. County Population Growth                        | 21 |
| C. Household & Population Composition              | 21 |
| D. State Population Growth                         | 22 |
| E. Area Cities With At Least 50,000 Residents      | 22 |
| F. Metropolitan Population Gain                    | 23 |
| G. International Immigration to Metropolitan Areas | 24 |
| H. Domestic Migration to Metropolitan Areas        | 25 |

### VI. Employment and Labor Force Characteristics

|   |    |
|---|----|
| A. Metropolitan Job Formation—New York          | 26 |
| B. Economic Base - Employment by Sectors        | 26 |
| C. Metropolitan Job Formation—Nassau-Suffolk    | 27 |
| D. Economic Base - Employment by Sectors        | 27 |
| E. Metropolitan Total Employment Gain (10-Year) | 28 |
| F. Average Annual Wages - Select Occupations    | 29 |
| G. Production Wages & Union Membership          | 29 |

# TABLE OF CONTENTS

## Metro Market Facts (continued)

### VI. Employment and Labor Force Characteristics (continued)

|   |    |
|---|----|
| H. State Workers' Compensation Premiums | 30 |
| I. State Minimum Wage/Overtime Status   | 30 |

### VII. Education

|  |    |
|--|----|
| A. Educational Levels                    | 31 |
| B. Graduate Education                    | 31 |
| C. Educational Expenditures and Salaries | 32 |
| D. University R&D Expenditures           | 32 |

### VIII. Housing & Living Costs

|                                 |    |
|---------------------------------|----|
| A. Overall Cost of Living       | 33 |
| B. Metropolitan Housing Permits | 33 |
| C. Homeownership                | 34 |
| D. Single Family Home Costs     | 34 |
| E. Local Utility Costs          | 35 |
| F. Health Insurance             | 35 |

### IX. Other Economic Indicators

|   |    |
|---|----|
| A. Metropolitan Median Household Income | 36 |
| B. High-Tech Industry Employment        | 36 |
| C. Metropolitan Area Patents            | 37 |
| D. Major Airport Activity               | 37 |
| E. International Trade                  | 38 |
| F. Gross State Product                  | 38 |
| G. Gross Metropolitan Product           | 39 |

### X. Taxes and Expenditures

|                                      |    |
|--------------------------------------|----|
| A. State Tax Rates/Employer Expenses | 40 |
| B. Local Residential Property Taxes  | 40 |
| C. Local Commercial Property Taxes   | 41 |
| D. Tourism & Entertainment Taxes     | 41 |
| E. State Tax Revenue                 | 42 |
| F. Federal Spending Per Capita       | 42 |

### XI. Quality of Life

|   |    |
|---|----|
| A. State Livability Index                 | 43 |
| B. Crime Rate                             | 43 |
| C. Climate                                | 44 |
| D. Mode of Travel to Work                 | 44 |
| E. Congestion Index                       | 45 |
| F. Major Professional Athletic Franchises | 45 |

|   |    |
|---|----|
| Methodology                                       | 46 |
| Market•Score Methodology/Rating Explanation       | 47 |
| Additional Data Resources/Web Links               | 48 |
| Contact Info/Other Metro Market Reports Available | 49 |

# NEW YORK: MARKET DEFINITION

New York City is not only the largest U.S. city, it is also one of the largest in the world. The city is made up of five boroughs: Manhattan, Brooklyn, Queens, the Bronx, and Staten Island. The port of New York is found on the New Jersey side of the Hudson River and is one of the leading ports in the world. Along with London and Tokyo, New York makes up the three “world cities” in charge of global finance. It also boasts three major airports: JFK International, LaGuardia and Newark International. The city attracts millions of tourists each year. They come to enjoy the architectural icons of the Chrysler Building, Empire State Building and the Statue of Liberty, as well as numerous museums (Metropolitan Museum of Art, MOMA, the Guggenheim, the Whitney) and an endless variety of entertainment and shopping.



## OLD DEFINITION

New York PMSA and Nassau-Suffolk PMSA Include:

| <u>New York</u>    | <u>Nassau-Suffolk</u> |
|--------------------|-----------------------|
| Bronx County       | Nassau County         |
| Kings County       | Suffolk County        |
| New York County    |                       |
| Putnam County      |                       |
| Queens County      |                       |
| Richmond County    |                       |
| Rockland County    |                       |
| Westchester County |                       |

## NEW DEFINITION\*

New York-Wayne-White Plains, NY-NJ and Nassau-Suffolk  
Metropolitan Divisions Include:

| <u>New York</u>    | <u>New Jersey</u>     |
|--------------------|-----------------------|
| Bronx County       | Bergen County         |
| Kings County       | Hudson County         |
| New York County    | Passaic County        |
| Putnam County      |                       |
| Queens County      | <u>Nassau-Suffolk</u> |
| Richmond County    | Nassau County         |
| Rockland County    | Suffolk County        |
| Westchester County |                       |

\*The Office of Management and Budget (OMB) recently released revised definitions for the nation’s metropolitan statistical areas. Where possible, we have implemented the new definitions and will continue to phase in new data as it becomes available.

## METRO MARKET OUTLOOK— REGIONS/LOCAL MARKETS

### PACIFIC/NORTHWEST

Oakland-East Bay  
Portland  
Sacramento  
San Francisco  
San Jose  
Seattle  
Honolulu

### PACIFIC/SOUTHWEST

Albuquerque  
Las Vegas  
Los Angeles  
Orange County  
Phoenix  
Riverside-San Bernardino  
San Diego

### PLAINS/WEST

Austin  
Dallas-Ft. Worth  
Denver  
Oklahoma City  
Salt Lake City

### FLORIDA/GULF COAST

Ft. Lauderdale  
Houston  
Jacksonville  
Miami  
Orlando  
Tampa-St. Petersburg  
West Palm Beach

### SOUTHEAST

Atlanta  
Charlotte  
Greenville-Spartanburg  
Memphis  
Nashville  
Raleigh-Durham

### MID-ATLANTIC

Baltimore  
Central New Jersey  
Philadelphia  
Washington

### NORTHEAST

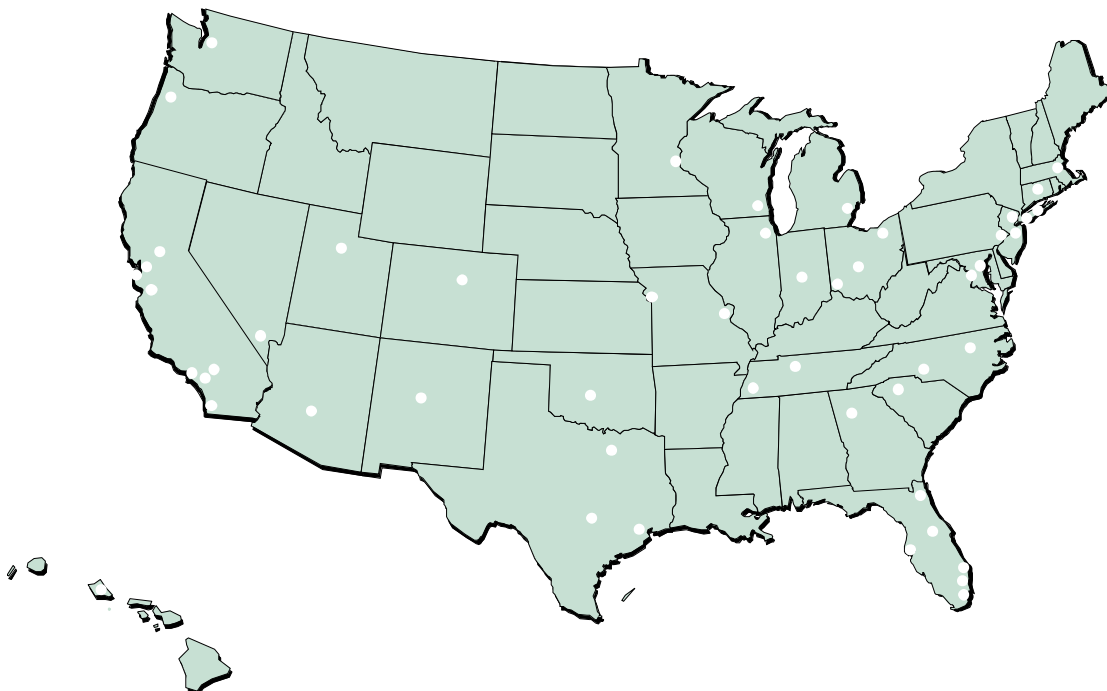
Boston  
Hartford  
New York/Nassau-Suffolk  
Northern New Jersey

### EAST CENTRAL

Cincinnati  
Cleveland  
Columbus  
Detroit  
Indianapolis

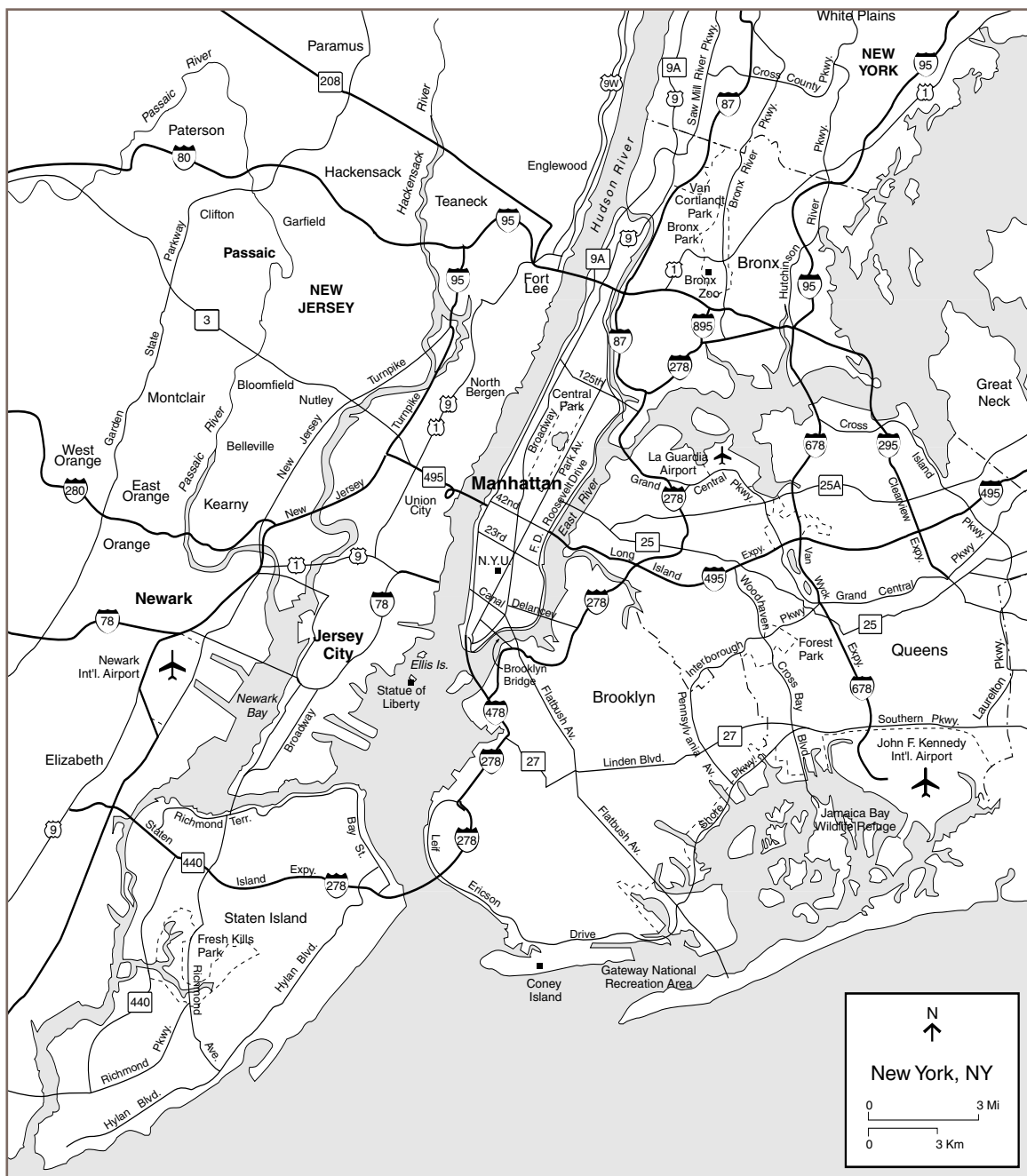
### WEST CENTRAL

Chicago  
Kansas City  
Milwaukee  
Minneapolis-St. Paul  
St. Louis

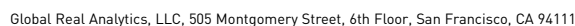


## NEW YORK: METROPOLITAN MAP

Land Area of New York PMSA: 1,148 sq. miles  
Population Density (2003): 8,207 people per sq. mile



|                                   |                           |
|-----------------------------------|---------------------------|
| Land Area of Nassau-Suffolk PMSA: | 1,198 sq. miles           |
| Population Density (2003):        | 2,343 people per sq. mile |





## NEW YORK: MARKET TRENDS SUMMARY

### CBD OFFICE

Manhattan Downtown/NYC's downtown office sector has a \$37.76 per square foot effective rent for Class A office, which is 1.0% higher than last quarter and 0.7% higher than last year. This metro has a \$394.40 per square foot average price for CBD office, which is 4.3% higher than last quarter and 15.7% higher than last year. The metro has a 12.6% CBD office vacancy rate, which is 0.2% higher than last quarter and 4.1% higher than last year.

The New York metro's downtown office sector has a \$56.21 per square foot effective rent for Class A office, which is 1.6% higher than last quarter and 7.0% higher than last year. This metro has a \$538.04 per square foot average price for CBD office, which is 2.5% higher than last quarter and 5.6% higher than last year.

### SUBURBAN OFFICE

The metro of New York has a \$29.88 per square foot effective rent for Class A suburban office, which is 0.7% higher than last quarter and 2.8% lower than last year. This metro has a \$243.92 per square foot average price for suburban office, which is 0.4% higher than last quarter and 7.7% higher than last year.

### WAREHOUSE

The metro of New York has an \$8.29 per square foot effective rent for warehouse, which is 0.2% lower than last quarter and 0.9% higher than last year. This metro has a \$72.57 per square foot average price for warehouse, which is 1.1% higher than last quarter and 5.2% higher than last year.

### RETAIL

The metro of New York has a \$26.81 per square foot effective rent for Class A unenclosed shopping centers, which is 1.4% higher than last quarter and 5.8% higher than last year. This metro has a \$225.99 per square foot average price for shopping centers, which is 3.2% higher than last quarter and 14.5% higher than last year.

### APARTMENT

The metro of New York has a \$26.27 per square foot effective rent for Class A apartments, which is 0.9% higher than last quarter and 4.5% higher than last year. This metro has a \$200.24 per square foot average price for apartments, which is 3.6% higher than last quarter and 15.9% higher than last year.

Source: NREI *Rent Monitor*; *Value Monitor*; and *Metro Market Outlook*, Section III. Historical data taken from prior quarter and year-ago NREI *Metro Market Facts* reports.

# Real Estate Facts & Forecast



## I. VALUE FACTS & TRENDS

### A. Current Property Values/Cap Rates

|                     | CBD OFFICE |          | SUBURBAN OFFICE |          | WAREHOUSE |          | RETAIL    |          | CLASS A APARTMENT |          | CLASS B APARTMENT |          |
|---------------------|------------|----------|-----------------|----------|-----------|----------|-----------|----------|-------------------|----------|-------------------|----------|
|                     | Price S/F  | Cap Rate | Price S/F       | Cap Rate | Price S/F | Cap Rate | Price S/F | Cap Rate | Price S/F         | Cap Rate | Price S/F         | Cap Rate |
| National            | \$257.17   | 7.0%     | \$198.12        | 7.2%     | \$54.27   | 7.7%     | \$162.11  | 7.4%     | \$132.10          | 6.2%     | \$86.68           | 7.2%     |
| Northeast Region    | 389.90     | 6.4      | 216.54          | 7.5      | 65.31     | 7.9      | 183.84    | 7.7      | 181.98            | 6.6      | 106.39            | 7.5      |
| Manhattan Downtown* |            |          |                 |          |           |          |           |          |                   |          |                   |          |
| 3 Q. '05            | 394.40     | 5.5      | n/a             | n/a      | n/a       | n/a      | n/a       | n/a      | 497.47            | 5.7      | 202.80            | 7.2      |
| 2 Q. '05            | 378.30     | 5.7      | n/a             | n/a      | n/a       | n/a      | n/a       | n/a      | 482.52            | 5.8      | 196.20            | 7.4      |
| 3 Q. '04            | 340.96     | 6.3      | n/a             | n/a      | n/a       | n/a      | n/a       | n/a      | 463.24            | 6.0      | 181.39            | 7.9      |
| New York**          |            |          |                 |          |           |          |           |          |                   |          |                   |          |
| 3 Q. '05            | 538.04     | 5.8      | 243.92          | 7.2      | 72.57     | 8.3      | 225.99    | 7.7      | 200.24            | 7.2      | 109.09            | 8.2      |
| 2 Q. '05            | 524.80     | 5.9      | 243.06          | 7.2      | 71.80     | 8.4      | 218.88    | 7.9      | 193.26            | 7.4      | 106.37            | 8.4      |
| 3 Q. '04            | 509.30     | 6.0      | 226.51          | 7.7      | 68.97     | 8.7      | 197.42    | 8.6      | 172.77            | 8.0      | 101.55            | 8.7      |
| Nassau-Suffolk      |            |          |                 |          |           |          |           |          |                   |          |                   |          |
| 3 Q. '05            | 184.36     | 7.6      | 173.41          | 7.2      | 63.63     | 7.1      | 177.98    | 7.2      | 155.98            | 7.8      | 99.06             | 8.1      |
| 2 Q. '05            | 179.06     | 7.8      | 167.99          | 7.4      | 62.20     | 7.2      | 174.66    | 7.3      | 152.08            | 7.9      | 97.00             | 8.2      |
| 3 Q. '04            | 166.18     | 8.0      | 150.93          | 7.7      | 58.01     | 7.6      | 162.90    | 7.7      | 144.28            | 8.2      | 92.96             | 8.5      |



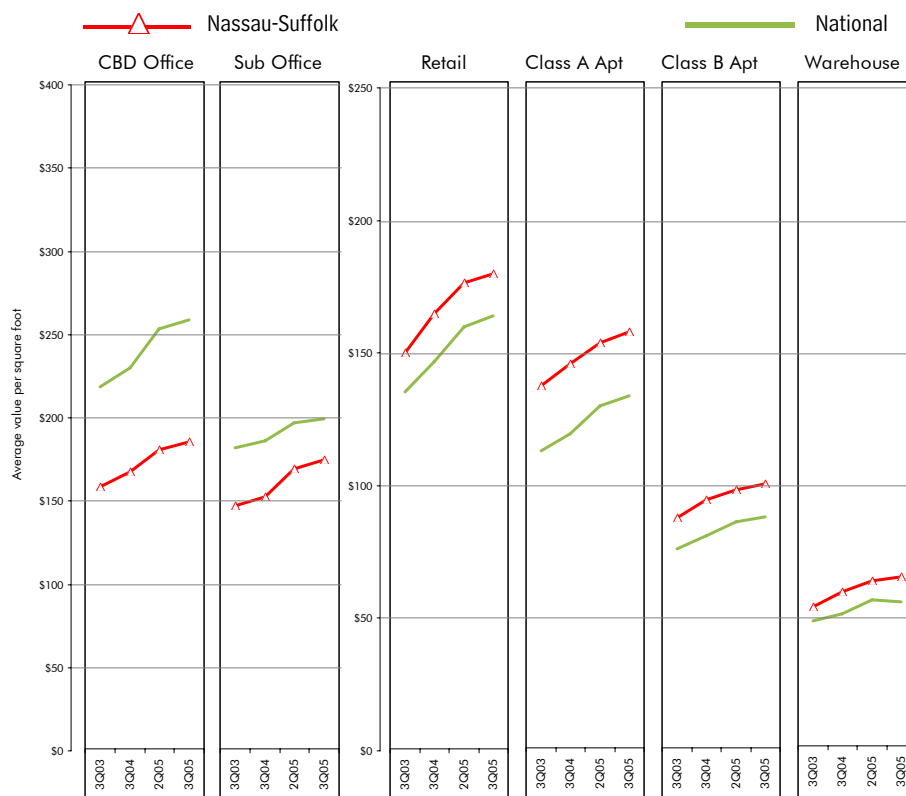
Source: NREI Value Monitor.

\*For the CBD office sector, these figures represent Midtown Manhattan. For the other property categories, these data reflect primarily the three counties in northern New Jersey, as well as Rockland, Westchester, and Putnam counties in New York, that, according to the census bureau, now constitute the New York metropolitan area.

\*\*For the office sector, these figures reflect Downtown Manhattan; for apartments, Class A price data primarily reflects high-rise buildings in Manhattan; the Class B data reflects similar properties in the other city boroughs. These apartment data are provided for information only and are not included in the national/regional indices.

# I. VALUE FACTS & TRENDS

## B. Value Trends—Change in Price Per Square Foot



Source: NREI Value Monitor.

## C. Other Property Class Values—Most Recent Period

| PROPERTY SECTOR             | PRICE PER SF | PROPERTY SECTOR          | PRICE PER SF |
|-----------------------------|--------------|--------------------------|--------------|
| <u>Manhattan Downtown</u>   |              | <u>New York</u>          |              |
| Class B CBD Office          | \$234.13     | Class B Suburban Office  | \$162.20     |
| Class C CBD Office          | 168.92       | Class C Suburban Office  | 108.56       |
| <u>Manhattan Midtown</u>    |              | Class B Warehouse        | 54.03        |
| Class B CBD Office          | \$322.10     | Class A Self-Storage     | 171.67       |
| Class C CBD Office          | 243.30       | Luxury Lodging (Per Key) | 549,319      |
| <u>Nassau-Suffolk</u>       |              |                          |              |
| Class A Power Retail Center | \$249.30     |                          |              |

Source: NREI Value Monitor.

# I. VALUE FACTS & TRENDS

## D. Local Market Property Value Rankings

3rd Qtr. 2005 - Rankings  
(#1 is highest rank, #61 is lowest)

|                           | CBD<br>OFFICE | SUBURBAN<br>OFFICE | WAREHOUSE | RETAIL | CLASS A<br>APARTMENT | CLASS B<br>APARTMENT |
|---------------------------|---------------|--------------------|-----------|--------|----------------------|----------------------|
| Manhattan<br>Downtown/NYC | 4             | N/A                | N/A       | N/A    | 1                    | 1                    |
| New<br>York               | 1             | 7                  | 9         | 4      | 5                    | 11                   |
| Nassau-<br>Suffolk        | 20            | 27                 | 15        | 17     | 14                   | 12                   |

\*The figures above denote the local market ranking for the corresponding property sector among the 61 metro-politan areas (plus Manhattan Downtown/New York City for CBD Office, Class A and Class B Apartment ) analyzed by the NREI Value Monitor. A ranking of "1" designates the highest value per square foot for Class A space (except for Class B Apartment) for the corresponding property sector among all markets for the noted time period.

Source: NREI Value Monitor.

## E. Value Growth—Change in Price Per Square Foot

|                                    | CBD<br>OFFICE | SUBURBAN<br>OFFICE | WAREHOUSE | RETAIL | CLASS A<br>APARTMENT | CLASS B<br>APARTMENT |
|------------------------------------|---------------|--------------------|-----------|--------|----------------------|----------------------|
| <b>% CHANGE FROM QUARTER AGO</b>   |               |                    |           |        |                      |                      |
| Nassau-Suffolk                     | +3.0%         | +3.2%              | +2.3%     | +1.9%  | +2.6%                | +2.1%                |
| National Average                   | +2.2%         | +1.2%              | +2.2%     | +2.5%  | +2.8%                | +2.3%                |
| <b>% CHANGE FROM YEAR AGO</b>      |               |                    |           |        |                      |                      |
| Nassau-Suffolk                     | +10.9%        | +14.9%             | +9.7%     | +9.3%  | +8.1%                | +6.6%                |
| National Average                   | +12.7%        | +7.1%              | +9.6%     | +11.9% | +12.0%               | +9.1%                |
| <b>% CHANGE FROM TWO YEARS AGO</b> |               |                    |           |        |                      |                      |
| Nassau-Suffolk                     | +17.4%        | +18.8%             | +21.3%    | +20.0% | +14.7%               | +14.5%               |
| National Average                   | +18.5%        | +9.9%              | +14.9%    | +21.3% | +18.7%               | +15.9%               |

Source: NREI Value Monitor.

## II. RENT FACTS & TRENDS

### A. Current Property Rents

|                      | CBD OFFICE   |                 |           | SUBURBAN OFFICE |                 |           | WAREHOUSE    |                 |           | RETAIL       |                 |           | CLASS A APARTMENT |                 |           | CLASS B APARTMENT |                 |           |
|----------------------|--------------|-----------------|-----------|-----------------|-----------------|-----------|--------------|-----------------|-----------|--------------|-----------------|-----------|-------------------|-----------------|-----------|-------------------|-----------------|-----------|
|                      | Asking<br>sf | Effective<br>sf | Free<br>% | Asking<br>sf    | Effective<br>sf | Free<br>% | Asking<br>sf | Effective<br>sf | Free<br>% | Asking<br>sf | Effective<br>sf | Free<br>% | Asking<br>sf      | Effective<br>sf | Free<br>% | Asking<br>sf      | Effective<br>sf | Free<br>% |
| National             | \$29.44      | \$28.43         | 3.6%      | \$23.40         | \$22.60         | 3.5%      | \$5.71       | \$5.54          | 3.2%      | \$19.29      | \$18.97         | 1.8%      | \$15.54           | \$15.10         | 3.2%      | \$11.73           | \$11.41         | 3.1%      |
| Northeast Region     | 44.85        | 43.23           | 3.8       | 26.20           | 25.29           | 3.5       | 7.35         | 7.18            | 2.4       | 23.63        | 23.28           | 1.5       | 24.61             | 24.20           | 1.7       | 16.50             | 16.24           | 1.6       |
| Nassau-Suffolk       |              |                 |           |                 |                 |           |              |                 |           |              |                 |           |                   |                 |           |                   |                 |           |
| 3 Q. '05             | 27.94        | 27.55           | 1.4       | 25.37           | 24.89           | 1.9       | 6.94         | 6.85            | 1.3       | 24.53        | 24.11           | 1.7       | 21.71             | 21.32           | 1.8       | 16.11             | 15.79           | 2.0       |
| 2 Q. '05             | 27.78        | 27.34           | 1.6       | 25.17           | 24.64           | 2.1       | 6.83         | 6.73            | 1.4       | 24.22        | 23.86           | 1.5       | 21.55             | 21.05           | 2.3       | 16.00             | 15.65           | 2.2       |
| 3 Q. '04             | 27.16        | 26.59           | 2.1       | 23.97           | 23.37           | 2.5       | 6.67         | 6.58            | 1.4       | 23.15        | 22.87           | 1.2       | 21.34             | 20.72           | 2.9       | 15.79             | 15.54           | 1.6       |
| New York*            |              |                 |           |                 |                 |           |              |                 |           |              |                 |           |                   |                 |           |                   |                 |           |
| 3 Q. '05             | 58.01        | 56.21           | 3.1       | 30.84           | 29.88           | 3.1       | 8.46         | 8.29            | 2.0       | 27.14        | 26.81           | 1.2       | 26.67             | 26.27           | 1.5       | 17.52             | 17.22           | 1.7       |
| 2 Q. '05             | 56.96        | 55.31           | 2.9       | 30.78           | 29.67           | 3.6       | 8.46         | 8.31            | 1.8       | 26.82        | 26.44           | 1.4       | 26.57             | 26.04           | 2.0       | 17.47             | 17.19           | 1.6       |
| 3 Q. '04             | 54.49        | 52.53           | 3.6       | 30.28           | 29.07           | 4.0       | 8.37         | 8.22            | 1.8       | 25.75        | 25.34           | 1.6       | 26.34             | 25.13           | 4.6       | 17.39             | 16.99           | 2.3       |
| Manhattan Downtown** |              |                 |           |                 |                 |           |              |                 |           |              |                 |           |                   |                 |           |                   |                 |           |
| 3 Q. '05             | 39.05        | 37.76           | 3.3       | n/a             | n/a             | n/a       | n/a          | n/a             | n/a       | n/a          | n/a             | n/a       | 45.76             | 45.17           | 1.3       | 26.83             | 26.59           | 0.9       |
| 2 Q. '05             | 38.75        | 37.39           | 3.5       | n/a             | n/a             | n/a       | n/a          | n/a             | n/a       | n/a          | n/a             | n/a       | 45.50             | 44.77           | 1.6       | 26.71             | 26.42           | 1.1       |
| 3 Q. '04             | 38.68        | 37.48           | 3.1       | n/a             | n/a             | n/a       | n/a          | n/a             | n/a       | n/a          | n/a             | n/a       | 44.45             | 43.43           | 2.3       | 26.12             | 25.70           | 1.6       |



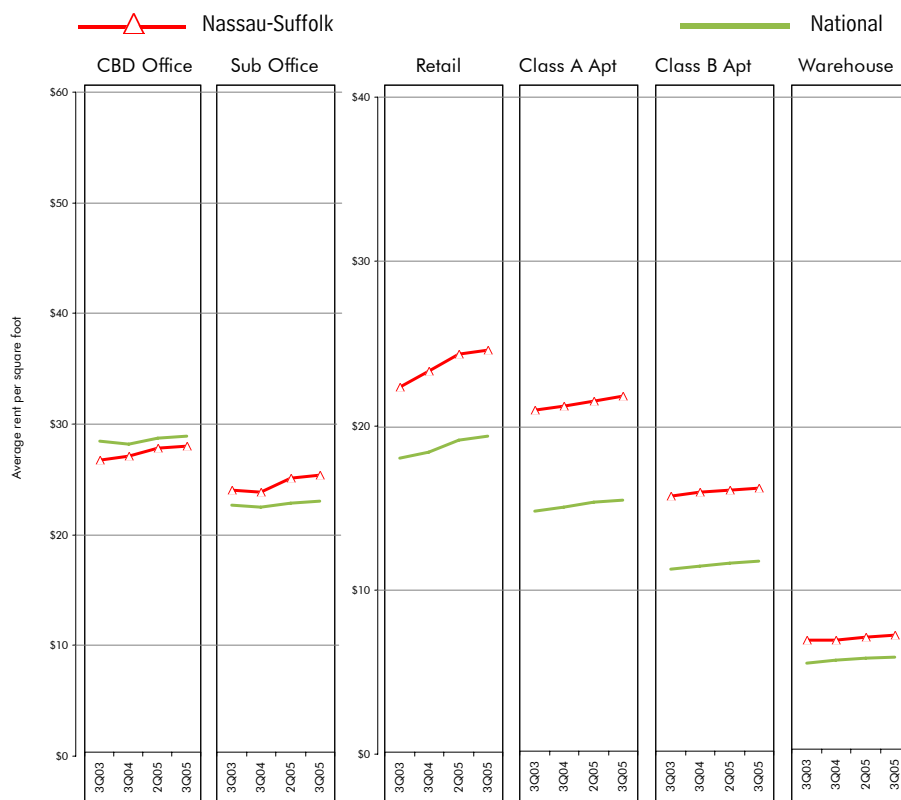
Source: NREI Rent Monitor.

\*For the CBD office sector, these figures represent Midtown Manhattan.

\*\*The office data reflect Downtown Manhattan; the apartment data reflect NYC rents only.

## II. RENT FACTS & TRENDS

### B. Rent Trends/Change in Rent Per Square Foot



Source: NREI Rent Monitor.

### C. Local Market Property Rent Rankings

3rd Qtr. 2005 - Rankings  
 (#1 is highest rank, #61 is lowest)

|                        | CBD OFFICE | SUBURBAN OFFICE | WAREHOUSE | RETAIL | CLASS A APARTMENT | CLASS B APARTMENT |
|------------------------|------------|-----------------|-----------|--------|-------------------|-------------------|
| Manhattan Downtown/NYC | 4          | N/A             | N/A       | N/A    | 1                 | 1                 |
| New York               | 1          | 3               | 3         | 3      | 2                 | 3                 |
| Nassau-Suffolk         | 13         | 11              | 14        | 8      | 9                 | 10                |

\*The figures above denote the local market ranking for the corresponding property sector among the 61 metropolitan areas (plus Manhattan Downtown/New York City for CBD office, Class A and Class B Apartment) analyzed by the NREI Rent Monitor. A ranking of "1" designates the highest effective rent per square foot for Class A space [except for Class B Apartment] for the corresponding property sector among all markets for the noted time period.

Source: NREI Rent Monitor.

## II. RENT FACTS & TRENDS

### D. Rent Growth/Change in Rent Per Square Foot

|   | CBD<br>OFFICE | SUBURBAN<br>OFFICE | WAREHOUSE | RETAIL | CLASS A<br>APARTMENT | CLASS B<br>APARTMENT |
|---|---------------|--------------------|-----------|--------|----------------------|----------------------|
| <b>% CHANGE FROM <u>QUARTER AGO</u></b>   |               |                    |           |        |                      |                      |
| Nassau-Suffolk                            | +0.8%         | +1.0%              | +1.8%     | +1.0%  | +1.3%                | +0.9%                |
| National Average                          | +0.7%         | +0.8%              | +1.3%     | +1.3%  | +1.1%                | +0.9%                |
| <b>% CHANGE FROM <u>YEAR AGO</u></b>      |               |                    |           |        |                      |                      |
| Nassau-Suffolk                            | +3.6%         | +6.5%              | +4.1%     | +5.4%  | +2.9%                | +1.6%                |
| National Average                          | +2.7%         | +2.6%              | +3.6%     | +5.3%  | +3.2%                | +2.8%                |
| <b>% CHANGE FROM <u>TWO YEARS AGO</u></b> |               |                    |           |        |                      |                      |
| Nassau-Suffolk                            | +4.8%         | +5.5%              | +4.6%     | +10.1% | +4.2%                | +3.3%                |
| National Average                          | +1.7%         | +1.5%              | +6.7%     | +7.6%  | +4.9%                | +4.4%                |

### III. INVENTORY/VACANCY/ ABSORPTION & SALES

#### A. Office—Manhattan

| METRO SUBMARKETS    | INVENTORY          | VACANCY     | ABSORPTION       |
|---------------------|--------------------|-------------|------------------|
| Downtown            | 82,700,000         | 12.6%       | 290,000          |
| Midtown             | 196,100,000        | 6.1%        | 330,000          |
| Midtown South       | 73,400,000         | 6.9%        | 430,000          |
| <b>Market Total</b> | <b>352,200,000</b> | <b>7.8%</b> | <b>1,050,000</b> |

Reported as of third quarter 2005. Absorption is year-to-date.



Source: CB Richard Ellis (Manhattan).

#### B. Office—Long Island

| METRO SUBMARKETS    | INVENTORY         | VACANCY      | ABSORPTION         |
|---------------------|-------------------|--------------|--------------------|
| Western Nassau      | 22,700,000        | 12.5%        | (832,000)          |
| Central Nassau      | 6,200,000         | 8.6%         | (180,000)          |
| Eastern Nassau      | 9,900,000         | 12.2%        | (232,000)          |
| Nassau County       | 6,500,000         | 16.5%        | (419,000)          |
| Western Suffolk     | 14,900,000        | 15.3%        | (325,000)          |
| Central Suffolk     | 8,400,000         | 14.4%        | (377,000)          |
| Suffolk County      | 6,500,000         | 16.4%        | 52,000             |
| <b>Market Total</b> | <b>37,600,000</b> | <b>13.6%</b> | <b>(1,156,000)</b> |

Reported as of third quarter 2005. Absorption is year-to-date.



Source: CB Richard Ellis (Stamford, CT).

#### C. Office—Westchester County

| METRO SUBMARKETS    | INVENTORY         | AVAILABILITY | ABSORPTION    |
|---------------------|-------------------|--------------|---------------|
| White Plains CBD    | 6,100,000         | 14.1%        | 20,760        |
| East                | 11,000,000        | 15.8%        | 290,480       |
| West                | 4,500,000         | 14.1%        | (25,230)      |
| North               | 8,100,000         | 10.1%        | (203,790)     |
| South               | 2,500,000         | 9.3%         | (4,970)       |
| <b>Market Total</b> | <b>32,200,000</b> | <b>13.3%</b> | <b>77,240</b> |

Reported as of third quarter 2005. Absorption is year-to-date.



Source: CB Richard Ellis (Stamford, CT).



### III. INVENTORY/VACANCY/ ABSORPTION & SALES

#### D. Metropolitan Retail Sales Trends

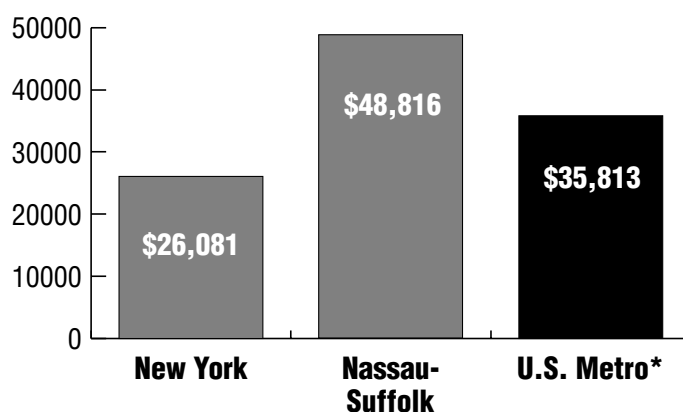
Metropolitan Retail Sales -- % Change from Prior Year  
(August 2005)

|                                  | MONTH | FYTD |
|----------------------------------|-------|------|
| New York-Northern NJ-Long Island | 2.7%  | 1.8% |
| National                         | 2.0%  | 2.1% |

This data reflects same-store sales at major department stores during the current month and fiscal year to date (beginning in February) compared to the same period one year ago.

Source: International Council of Shopping Centers, New York, NY.

#### E. Metropolitan Average Retail Sales Per Household



##### Market Rank\*\*

|                |    |
|----------------|----|
| New York       | 56 |
| Nassau-Suffolk | 4  |

\*The U.S. Metro figure represents the average retail sales per household of 323 metropolitan areas; \$34,036 is the average retail sales per household nationwide.

\*\*Ranking of 57 metropolitan areas, with the #1 ranking representing the highest amount of retail sales per household.

Source: Sales & Marketing Management: 2003 Survey of Buying Power.

## IV. MARKET FORECAST

### A. Market•Score by Sector

| SECTOR / MARKET        | RELATIVE INVESTMENT POTENTIAL* | CURRENT QUARTER | RANK | QUARTER AGO | RANK | YEAR AGO | RANK | TWO YEARS AGO | RANK |
|------------------------|--------------------------------|-----------------|------|-------------|------|----------|------|---------------|------|
| <b>CBD OFFICE</b>      |                                |                 |      |             |      |          |      |               |      |
| Long Island            | GOOD                           | 88              | 17   | 90          | 8    | 87       | 11   | 85            | 8    |
| Northeast Region       | AVERAGE                        | 83              |      | 84          |      | 85       |      | 80            |      |
| National Median        | AVERAGE                        | 83              |      | 84          |      | 80       |      | 79            |      |
| <b>SUBURBAN OFFICE</b> |                                |                 |      |             |      |          |      |               |      |
| Long Island            | AVERAGE                        | 85              | 18   | 84          | 31   | 88       | 7    | 85            | 9    |
| Northeast Region       | AVERAGE                        | 82              |      | 83          |      | 82       |      | 80            |      |
| National Median        | AVERAGE                        | 84              |      | 84          |      | 80       |      | 79            |      |
| <b>INDUSTRIAL</b>      |                                |                 |      |             |      |          |      |               |      |
| Long Island            | AVERAGE                        | 80              | 44   | 80          | 47   | 83       | 28   | 81            | 34   |
| Northeast Region       | AVERAGE                        | 81              |      | 80          |      | 81       |      | 79            |      |
| National Median        | AVERAGE                        | 84              |      | 84          |      | 82       |      | 82            |      |
| <b>RETAIL</b>          |                                |                 |      |             |      |          |      |               |      |
| Long Island            | GOOD                           | 90              | 7    | 90          | 8    | 90       | 5    | 89            | 1    |
| Northeast Region       | GOOD                           | 87              |      | 86          |      | 88       |      | 88            |      |
| National Median        | AVERAGE                        | 83              |      | 83          |      | 83       |      | 81            |      |
| <b>APARTMENT</b>       |                                |                 |      |             |      |          |      |               |      |
| Long Island            | GOOD                           | 89              | 11   | 88          | 12   | 89       | 5    | 88            | 1    |
| Northeast Region       | AVERAGE                        | 83              |      | 85          |      | 86       |      | 87            |      |
| National Median        | AVERAGE                        | 84              |      | 83          |      | 82       |      | 78            |      |
| <b>HOSPITALITY</b>     |                                |                 |      |             |      |          |      |               |      |
| Long Island            | GOOD                           | 88              | 21   | 89          | 20   | 88       | 15   | 83            | 21   |
| Northeast Region       | AVERAGE                        | 86              |      | 86          |      | 87       |      | 77            |      |
| National Median        | GOOD                           | 86              |      | 85          |      | 84       |      | 80            |      |

The figures shown in the shaded fields above are Market•Scores corresponding to the noted property sector, market, and time period. Regional and national figures reflect the median score. The rankings are out of 66 metropolitan areas, with the #1 ranking representing the highest score.

Market•Score is a proprietary rating system developed in 1992 by Global Real Analytics to evaluate the relative economic strength of local property markets. Utilizing numerous real estate, economic, and demographic data factors, Market•Score identifies those markets likely to exhibit the strongest real estate performance within each respective property sector in the two succeeding years following each forecast period. See "Investment Potential" at the end of this publication for additional information on Market•Score, and property sector definitions.

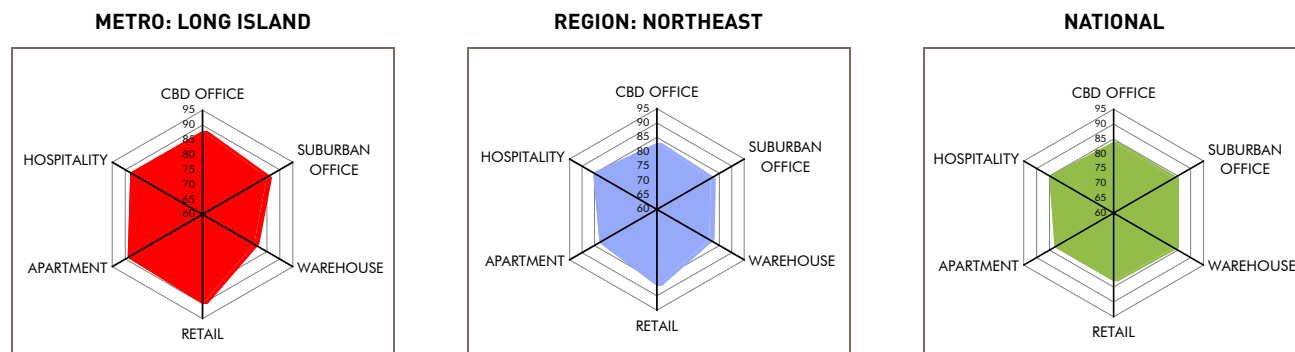
#### \*INVESTMENT POTENTIAL

| Rating      | Score    |
|-------------|----------|
| Excellent   | 93+      |
| Good        | 86-92    |
| Average     | 75-85    |
| Fair        | 65-74    |
| Speculative | Below 65 |



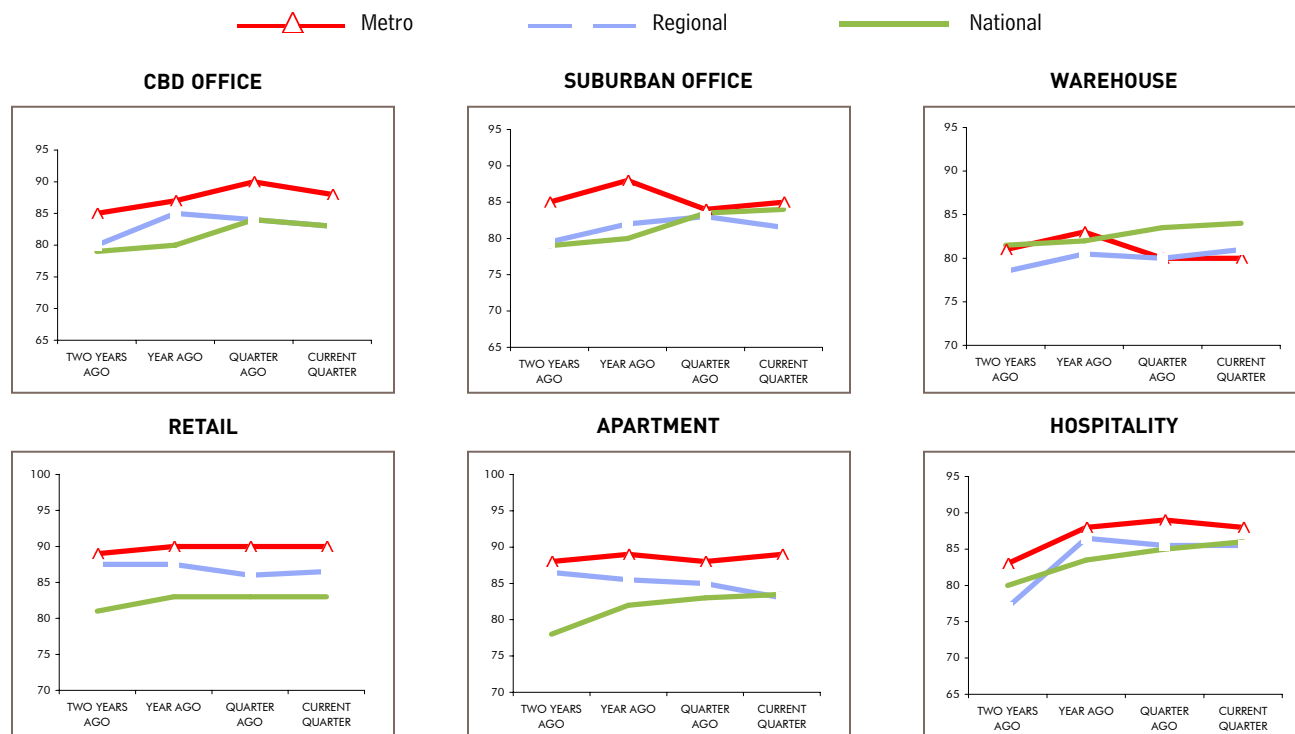
## IV. MARKET FORECAST

### B. Current Market•Scores



The "radar" graphs shown above indicate the current Market•Score rating for the indicated metro, as well as regional and national medians. Each graph contains six axes, representing the noted property sector, ranging from 60 to 95. Generally, the larger a shaded area is, the better the real estate performance is forecast to be. Simple visual comparison can be made among the indicated metro, regional, and national Market•Scores.

### C. Market•Score Trends



The six graphs shown above are Market•Scores corresponding to the noted property sector, market, and time period. Market•Score is a proprietary rating system developed in 1992 by Global Real Analytics to evaluate the relative economic strength of local property markets. Utilizing numerous real estate, economic, and demographic data factors, Market•Score identifies those markets likely to exhibit the strongest real estate performance within each respective property sector in the two succeeding years following each forecast period. See "Investment Potential" at the end of this publication for additional information on Market•Score, and property sector definitions.

## IV. MARKET FORECAST

### D. Market Outlook Summary

#### CBD OFFICE

Occupancy and rental rate change levels for CBD office in the Nassau Suffolk/Long Island market continue to rate among the best in the nation. Job growth has stabilized and net absorption has leveled off.

#### SUBURBAN OFFICE

Employment growth has increased demand for office space on Long Island. Absorption has declined, though rental rate momentum remains strong. Occupancy levels rank among the highest in the nation, although minimal construction activity has appeared.

#### WAREHOUSE

Absorption of industrial space on Long Island stabilized, though rental rate momentum remains strong and occupancy levels remain high. Its proximity to the largest and most dynamic market ensures continued demand for industrial space.

#### RETAIL

High household incomes and spending activity have pushed occupancy levels for retail properties on Long Island even higher. Rental rate momentum also remains positive as development constraints limit increased inventory of retail space.

#### APARTMENT

Demand for rental housing remains high, even though population and employment growth are unexceptional. The high cost of home ownership and development constraints are factors in maintaining high occupancy levels for apartments. Rental rate momentum has weakened in recent quarters.

## Metro Market Facts

### V. DEMOGRAPHICS

#### A. Metro Population

|                     | NEW YORK   | NASSAU-SUFFOLK | UNITED STATES |
|---------------------|------------|----------------|---------------|
| Population — 2004:  | 11,450,400 | 2,815,100      | 293,655,400   |
| % Growth—2000–2004: | 1.2%       | 2.0%           | 4.1%          |
| % Growth—1990–2000: | 8.8%       | 5.8%           | 13.4%         |



Source: U.S. Census Bureau.

#### B. County Population Growth

| COUNTY            | 2004 POPULATION | % GROWTH<br>1990-2000 | % GROWTH<br>2000-2004 |
|-------------------|-----------------|-----------------------|-----------------------|
| <u>New York</u>   |                 |                       |                       |
| Nassau            | 1,339,641       | 3.8                   | 0.2                   |
| Suffolk           | 1,475,488       | 7.8                   | 3.6                   |
| Bronx             | 1,365,536       | 10.9                  | 2.3                   |
| Kings             | 2,475,290       | 7.2                   | 0.4                   |
| New York          | 1,562,723       | 3.5                   | 1.5                   |
| Putnam            | 100,570         | 14.5                  | 4.6                   |
| Queens            | 2,237,216       | 14.3                  | 0.3                   |
| Richmond          | 463,314         | 17.6                  | 4.0                   |
| Rockland          | 293,626         | 8.3                   | 2.1                   |
| Westchester       | 942,444         | 5.9                   | 1.8                   |
| <u>New Jersey</u> |                 |                       |                       |
| Bergen            | 902,998         | 7.3                   | 1.9                   |
| Hudson            | 606,240         | 10.2                  | (0.5)                 |
| Passaic           | 500,427         | 4.3                   | 1.9                   |

Source: U.S. Census Bureau.

#### C. Household & Population Composition

|                         | NEW YORK METRO | NASSAU-SUFFOLK | UNITED STATES METRO* |
|-------------------------|----------------|----------------|----------------------|
| Median Household Size:  | 2.7            | 3.0            | 2.7                  |
| Median Age:             | 35.6           | 38.3           | 35.8                 |
| % of Population Under 5 | 7.2            | 7.2            | 7.5                  |
| % of Population 35 - 54 | 29.4           | 29.4           | 28.0                 |
| % of Population Over 64 | 13.4           | 13.4           | 12.8                 |

\*Average of U.S. metropolitan areas, not entire U.S.

## V. DEMOGRAPHICS

### D. State Population Growth

|               | 2004<br>POPULATION | ACTUAL<br>% GROWTH<br>1990-2004 | STATE<br>RANKING* | PROJECTED<br>% GROWTH<br>1995-2025** | STATE<br>RANKING* |
|---------------|--------------------|---------------------------------|-------------------|--------------------------------------|-------------------|
| New York      | 19,227,088         | 6.9                             | 43                | 9.3                                  | 46                |
| United States | 293,655,404        | 18.0                            | N/A               | 35.1                                 | N/A               |

\*Ranking of all 50 states, plus the District of Columbia, with the #1 ranking representing the highest state population percentage growth.

\*\*The projected growth rate was last estimated in 1997. Some states are close to or have already exceeded those projections. New estimates will be released in late 2004.

Source: U.S. Census Bureau.

### E. Area Cities With At Least 50,000 Residents

| CITY         | 2004 POPULATION | % GROWTH<br>1990-2000 | % GROWTH<br>2000-2004 |
|--------------|-----------------|-----------------------|-----------------------|
| Babylon*     | 216,890         | 4.9                   | 2.2                   |
| Bayonne      | 60,748          | 0.6                   | (1.7)                 |
| Brookhaven*  | 471,291         | 10.3                  | 4.8                   |
| Clifton      | 79,944          | 9.9                   | 1.0                   |
| Greenburgh*  | 89,991          | 3.8                   | 3.1                   |
| Hempstead    | 53,145          | 15.9                  | (0.1)                 |
| Huntington*  | 199,207         | 2.2                   | 1.8                   |
| Islip*       | 331,077         | 8.0                   | 2.3                   |
| Jersey City  | 239,079         | 5.1                   | (0.4)                 |
| Mt. Vernon   | 68,321          | 2.2                   | (0.2)                 |
| New Rochelle | 72,985          | 7.3                   | 1.0                   |
| New York     | 8,104,079       | 9.5                   | 1.1                   |
| Passaic      | 68,662          | 15.8                  | 1.1                   |
| Paterson     | 150,869         | (5.5)                 | 1.0                   |
| Smithtown*   | 119,370         | 2.3                   | 3.0                   |
| Southampton* | 58,498          | 22.2                  | 6.3                   |
| Union City   | 66,167          | 15.5                  | (1.3)                 |
| Wayne*       | 55,402          | 15.2                  | 2.2                   |
| White Plains | 56,509          | 9.4                   | 6.0                   |
| Yonkers      | 197,126         | 4.4                   | 0.4                   |

\*These communities are technically defined as townships.

Source: U.S. Census Bureau.

## V. DEMOGRAPHICS

### F. Metropolitan % Population Gain (1990-2004)

#### POPULATION GROWTH

(% Gain/Loss, April 1990-July 2004)

|                          |        |                        |       |
|--------------------------|--------|------------------------|-------|
| Las Vegas                | 118.3% | Miami                  | 22.0% |
| Austin                   | 66.9   | Greenville-Spartanburg | 21.3  |
| Phoenix                  | 66.0   | Central New Jersey     | 19.4  |
| Raleigh-Durham           | 53.5   | UNITED STATES          | 18.0  |
| Atlanta                  | 53.4   | Oklahoma City          | 17.9  |
| Orlando                  | 52.0   | Kansas City            | 17.6  |
| Riverside-San Bernardino | 46.5   | San Diego              | 17.4  |
| Dallas-Ft. Worth         | 44.1   | Memphis                | 17.1  |
| Charlotte                | 44.0   | Oakland-East Bay       | 16.9  |
| West Palm Beach          | 44.0   | Chicago                | 13.8  |
| Fort Lauderdale          | 39.8   | San Jose               | 13.5  |
| Denver                   | 39.1   | Los Angeles            | 12.1  |
| Houston                  | 37.5   | Cincinnati             | 11.5  |
| Portland                 | 35.5   | St. Louis              | 10.8  |
| Sacramento               | 33.8   | Baltimore              | 10.8  |
| Salt Lake City           | 33.6   | New York               | 10.1  |
| Nashville                | 33.2   | Newark-No. New Jersey  | 9.8   |
| Jacksonville             | 32.4   | Boston                 | 9.8   |
| Albuquerque              | 30.4   | Nassau-Suffolk         | 7.9   |
| Tampa-St. Petersburg     | 25.1   | Honolulu               | 7.6   |
| Washington               | 24.7   | Milwaukee              | 6.4   |
| Orange County            | 23.9   | Detroit                | 5.8   |
| Columbus                 | 23.4   | Philadelphia           | 5.4   |
| Indianapolis             | 23.0   | Hartford               | 5.4   |
| Minneapolis-St. Paul     | 22.7   | San Francisco          | 5.4   |
| Seattle                  | 22.7   | Cleveland              | 1.7   |

Source: U.S. Census Bureau.

## V. DEMOGRAPHICS

### G. International Immigration to Metropolitan Areas

#### TOTAL INTERNATIONAL IMMIGRATION: (2001-2004)

|                          | (000s) |                        | (000s) |
|--------------------------|--------|------------------------|--------|
| New York/Nassau-Suffolk  | 570.5  | Las Vegas              | 41.8   |
| Los Angeles              | 400.7  | Sacramento             | 40.0   |
| Chicago                  | 222.7  | Orlando                | 39.9   |
| Dallas-Ft. Worth         | 184.4  | Austin                 | 37.5   |
| Houston                  | 166.7  | Tampa-St. Petersburg   | 36.9   |
| Miami                    | 165.7  | Raleigh-Durham         | 35.3   |
| Washington               | 156.7  | West Palm Beach        | 32.7   |
| Atlanta                  | 114.3  | Salt Lake City         | 29.1   |
| Orange County            | 111.6  | Charlotte              | 26.9   |
| Phoenix                  | 106.3  | Baltimore              | 21.2   |
| Boston                   | 105.1  | Columbus               | 19.4   |
| San Jose                 | 102.3  | Kansas City            | 18.5   |
| Oakland-East Bay         | 85.2   | St. Louis              | 17.6   |
| San Francisco            | 72.4   | Honolulu               | 17.0   |
| San Diego                | 69.9   | Nashville              | 16.1   |
| Seattle                  | 67.4   | Hartford               | 15.9   |
| Denver                   | 65.6   | Milwaukee              | 15.8   |
| Central New Jersey       | 65.0   | Cleveland              | 15.4   |
| Fort Lauderdale          | 65.0   | Oklahoma City          | 13.1   |
| Riverside-San Bernardino | 62.2   | Indianapolis           | 13.1   |
| Philadelphia             | 60.0   | Cincinnati             | 11.1   |
| Newark-No. New Jersey    | 59.0   | Greenville-Spartanburg | 9.1    |
| Detroit                  | 57.3   | Albuquerque            | 8.8    |
| Minneapolis-St. Paul     | 46.4   | Memphis                | 8.5    |
| Portland                 | 44.2   | Jacksonville           | 8.4    |

Source: U.S. Census Bureau.



## V. DEMOGRAPHICS

### H. Domestic Migration to Metropolitan Areas

#### TOTAL DOMESTIC MIGRATION: (2001-2004)

|                          | (000s) |                         | (000s)  |
|--------------------------|--------|-------------------------|---------|
| Riverside-San Bernardino | 325.8  | Baltimore               | (0.9)   |
| Phoenix                  | 194.4  | Memphis                 | (2.5)   |
| Las Vegas                | 168.5  | Cincinnati              | (9.0)   |
| Tampa-St. Petersburg     | 145.6  | St. Louis               | (11.3)  |
| Atlanta                  | 124.1  | Minneapolis-St. Paul    | (12.2)  |
| Orlando                  | 119.8  | Washington              | (16.5)  |
| Sacramento               | 118.7  | Denver                  | (20.1)  |
| West Palm Beach          | 72.4   | Honolulu                | (20.6)  |
| Dallas-Ft. Worth         | 68.5   | Seattle                 | (31.2)  |
| Jacksonville             | 63.9   | Salt Lake City          | (32.8)  |
| Charlotte                | 62.1   | Milwaukee               | (33.5)  |
| Raleigh-Durham           | 49.9   | Philadelphia            | (34.6)  |
| Houston                  | 48.8   | Cleveland               | (49.2)  |
| Austin                   | 47.4   | Newark-No. New Jersey   | (57.6)  |
| Portland                 | 33.4   | San Diego               | (59.2)  |
| Fort Lauderdale          | 30.7   | Orange County           | (91.5)  |
| Nashville                | 28.6   | Oakland-East Bay        | (97.2)  |
| Indianapolis             | 27.1   | Detroit                 | (106.8) |
| Albuquerque              | 19.3   | Miami                   | (126.1) |
| Kansas City              | 12.7   | San Francisco           | (146.7) |
| Central New Jersey       | 11.0   | Boston                  | (167.4) |
| Greenville-Spartanburg   | 9.8    | San Jose                | (174.3) |
| Oklahoma City            | 6.6    | Chicago                 | (257.9) |
| Columbus                 | 5.3    | Los Angeles             | (379.6) |
| Hartford                 | 4.4    | New York/Nassau-Suffolk | (800.7) |

Source: U.S. Census Bureau.

## VI. EMPLOYMENT AND LABOR FORCE CHARACTERISTICS

### A. Job Formation—New York

#### Metropolitan Area

|  |        |
|--|--------|
| Employment Growth (Loss)—% 12-Month (Ending in September):     | 1.1%   |
| Total Number of Net New Jobs, 12 Months (Ending in September): | 57,400 |
| % Unemployed, September 2005:                                  | 5.4%   |
| % Unemployed, 12 Months Before:                                | 5.9%   |

#### National

|  |      |
|--|------|
| Employment Growth (Loss)—% 12-Month (Ending in September): | 1.7% |
| % Unemployed, September 2005:                              | 4.8% |
| % Unemployed, September 2004:                              | 5.1% |



Source: Bureau of Labor Statistics.

### B. Economic Base—Employment By Sectors

| SECTOR                          | % GROWTH FROM PRIOR YEAR |          | % OF TOTAL EMPLOYMENT |          |
|---------------------------------|--------------------------|----------|-----------------------|----------|
|                                 | METRO                    | NATIONAL | METRO                 | NATIONAL |
| Services                        | 2.0                      | 2.0      | 33.8                  | 29.0     |
| Business Services               | 1.8                      | 3.3      | 15.0                  | 12.8     |
| Financial Activities            | 2.3                      | 2.2      | 11.0                  | 6.2      |
| Government                      | 0.3                      | 0.9      | 14.9                  | 16.1     |
| Retail Trade                    | 1.0                      | 1.0      | 8.9                   | 11.2     |
| Wholesale Trade                 | (0.1)                    | 1.1      | 4.8                   | 4.3      |
| Transportation/Public Utilities | (1.7)                    | 2.2      | 3.6                   | 3.7      |
| Manufacturing                   | (3.8)                    | (0.9)    | 4.5                   | 10.6     |
| Construction & Mining           | 1.8                      | 3.9      | 3.7                   | 5.6      |

Note: The Department of Labor recently revised the industry classification system (from SIC to NAICS). One of the most significant changes was the establishment of "business services" as a separate category (instead of a sub-set of the "services" sector). In addition, the "FIRE" sector is now known as "financial activities".

Source: Bureau of Labor Statistics.

VI. EMPLOYMENT AND LABOR FORCE  
CHARACTERISTICS

C. Job Formation—Nassau-Suffolk

Metropolitan Area

|  |        |
|--|--------|
| Employment Growth (Loss)—% 12-Month (Ending in September):     | 0.9%   |
| Total Number of Net New Jobs, 12 Months (Ending in September): | 11,300 |
| % Unemployed, September 2005:                                  | 4.3%   |
| % Unemployed, 12 Months Before:                                | 4.3%   |

National

|  |      |
|--|------|
| Employment Growth (Loss)—% 12-Month (Ending in September): | 1.7% |
| % Unemployed, September 2005:                              | 4.8% |
| % Unemployed, September 2004:                              | 5.1% |



D. Economic Base—Employment By Sectors

| SECTOR                          | % GROWTH FROM PRIOR YEAR |          | % OF TOTAL EMPLOYMENT |          |
|---------------------------------|--------------------------|----------|-----------------------|----------|
|                                 | METRO                    | NATIONAL | METRO                 | NATIONAL |
| Services                        | 1.5                      | 2.0      | 30.8                  | 29.0     |
| Business Services               | 2.8                      | 3.3      | 12.8                  | 12.8     |
| Financial Activities            | 0.1                      | 2.2      | 6.7                   | 6.2      |
| Government                      | (0.2)                    | 0.9      | 15.3                  | 16.1     |
| Retail Trade                    | 0.2                      | 1.0      | 12.9                  | 11.2     |
| Wholesale Trade                 | (0.3)                    | 1.1      | 5.8                   | 4.3      |
| Transportation/Public Utilities | 1.3                      | 2.2      | 3.1                   | 3.7      |
| Manufacturing                   | 0.2                      | (0.9)    | 7.1                   | 10.6     |
| Construction & Mining           | 0.9                      | 3.9      | 5.6                   | 5.6      |

Note: The Department of Labor recently revised the industry classification system (from SIC to NAICS). One of the most significant changes was the establishment of "business services" as a separate category (instead of a sub-set of the "services" sector). In addition, the "FIRE" sector is now known as "financial activities".

Source: Bureau of Labor Statistics.

## VI. EMPLOYMENT AND LABOR FORCE CHARACTERISTICS

### E. Metropolitan % Total Employment Gain (10-Year Change)

#### JOB GROWTH

(% Gain/Loss, September 1995-September 2005)

|                          |       |                        |       |
|--------------------------|-------|------------------------|-------|
| Las Vegas                | 74.1% | Oakland-East Bay       | 14.5% |
| Riverside-San Bernardino | 49.8  | Portland               | 14.0  |
| West Palm Beach          | 42.2  | Nassau-Suffolk         | 13.7  |
| Phoenix                  | 41.9  | UNITED STATES          | 13.7  |
| Orlando                  | 41.7  | Minneapolis-St. Paul   | 13.6  |
| Tampa-St. Petersburg     | 31.3  | Baltimore              | 13.2  |
| Austin                   | 29.9  | Columbus               | 13.1  |
| Sacramento               | 29.8  | Miami                  | 12.7  |
| San Diego                | 29.1  | Philadelphia           | 12.1  |
| Fort Lauderdale          | 29.0  | Memphis                | 11.3  |
| Orange County            | 28.2  | Cincinnati             | 11.2  |
| Washington               | 27.8  | Honolulu               | 10.2  |
| Charlotte                | 26.2  | Newark-No. New Jersey  | 9.5   |
| Salt Lake City           | 22.6  | New York               | 8.3   |
| Jacksonville             | 21.9  | Kansas City            | 8.0   |
| Dallas-Ft. Worth         | 21.2  | Boston                 | 7.6   |
| Atlanta                  | 20.7  | Greenville-Spartanburg | 6.8   |
| Central New Jersey       | 20.3  | St. Louis              | 6.7   |
| Raleigh-Durham           | 20.1  | Los Angeles            | 6.4   |
| Houston                  | 19.9  | Chicago                | 3.2   |
| Denver                   | 18.8  | Milwaukee              | 3.1   |
| Nashville                | 17.7  | San Francisco          | 2.2   |
| Albuquerque              | 16.3  | Hartford               | 1.5   |
| Seattle                  | 16.3  | Cleveland              | 1.0   |
| Oklahoma City            | 15.8  | San Jose               | 0.6   |
| Indianapolis             | 15.2  | Detroit                | (0.5) |

Source: U.S. Government, Bureau of Labor Statistics.

## VI. EMPLOYMENT AND LABOR FORCE CHARACTERISTICS

### F. Average Annual Wages—Select Occupations

| POSITION                          | METRO<br>AVERAGE | % OF<br>NATIONAL AVG. | NATIONAL<br>AVERAGE |
|-----------------------------------|------------------|-----------------------|---------------------|
| <b><u>New York PMSA</u></b>       |                  |                       |                     |
| Accountant                        | \$72,130         | 126.8%                | \$56,880            |
| Secretary                         | \$31,960         | 117.7%                | \$27,160            |
| Computer Systems Analyst          | \$76,600         | 112.0%                | \$68,370            |
| Computer Programmer               | \$74,110         | 112.4%                | \$65,910            |
| Electrical Engineer               | \$83,200         | 112.1%                | \$74,220            |
| Machinist                         | \$31,910         | 91.7%                 | \$34,790            |
| <b><u>Nassau-Suffolk PMSA</u></b> |                  |                       |                     |
| Accountant                        | \$64,610         | 113.6%                | \$56,880            |
| Secretary                         | \$30,580         | 112.6%                | \$27,160            |
| Computer Systems Analyst          | \$72,950         | 106.7%                | \$68,370            |
| Computer Programmer               | \$63,460         | 96.3%                 | \$65,910            |
| Electrical Engineer               | \$83,700         | 112.8%                | \$74,220            |
| Machinist                         | \$35,280         | 101.4%                | \$34,790            |

Source: Bureau of Labor Statistics, Occupational Employment Statistics, May 2004.

### G. Production Wages & Union Membership

|              | AVERAGE<br>ANNUAL WAGE* | NATIONAL<br>RANK<br>(OUT OF 51) | % WORKERS<br>IN UNION | NATIONAL<br>RANK<br>(OUT OF 51) |
|--------------|-------------------------|---------------------------------|-----------------------|---------------------------------|
| New York     | \$29,430                | 22                              | 25.3%                 | 1                               |
| U.S. Average | \$29,280                | --                              | 12.5%                 | --                              |

\*Average annual wage is for production workers only. The #1 ranking represents the highest average wage and the largest percentage of unionized workers.

Source(s): U.S. Dept. of Labor/wage figures (2004); U.S. Census Bureau/union membership (2004).

# VI. EMPLOYMENT AND LABOR FORCE CHARACTERISTICS

## H. State Workers' Compensation Costs

Workers' Compensation Costs  
The average cost per \$100 of payroll  
(2005)

|          | RATE*  | INDEX** | 2005<br>RATING*** | 2004<br>RATING |
|----------|--------|---------|-------------------|----------------|
| New York | \$4.47 | 1.09    | 32                | 37             |

\*This is the rate for a prototypical manufacturer, based on the manual rate, taxes and assessments, payroll distribution, premium discounts, experience rating, and any other weighted adjustments that were made in order to produce a non-biased countrywide comparison.

\*\*The base rate (or national average) for this Index is \$4.12.

\*\*\*The rating is based on an analysis of 45 states with #1 representing the lowest average rate.

Source: Actuarial & Technical Solutions, Inc. (516) 471-8655.

## I. State Minimum Wage/Overtime Status

Current State Minimum Wage\*      \$5.15

State Overtime Standard\*\*      40-hour week

\*The federal minimum wage increased to \$5.15 in September 1997. The federal rate sets the floor under which states cannot go. Some states, however, have lower rates for a minority of workers who are not covered by the Fair Labor Standards Act. Some states also have temporary lower rates and "subminimum wages" for certain groups of workers, e.g., minors and/or beginning employees.

\*\*Federal law stipulates the payment of overtime to all private employees except supervisors, salaried professionals and unionized workers after 40 hours of labor in a given week.

Source: U.S. Department of Labor.

VII. EDUCATION

A. Educational Levels

|                | % OF ADULTS<br>WHO GRADUATED<br>FROM HIGH SCHOOL | % OF ADULTS<br>WHO GRADUATED<br>FROM 4-YEAR<br>COLLEGE/UNIVERSITY |
|----------------|--|---|
| New York PMSA  | 78.6   | 30.8  |
| Nassau-Suffolk | 91.5   | 32.3  |
| U.S. Average   | 84.1   | 26.7  |



Source: U.S. Census Bureau, March 2002.

B. Graduate Education

Academic Rankings of Local Graduate Programs

| UNIVERSITY                             | BIOLOGICAL<br>SCIENCES  | ENGINEERING     | GENERAL<br>SCIENCES/OTHER   |
|--|---|-----------------|---|
| Albert Einstein<br>College of Medicine | Physiology (17)   | --              | --  |
| Columbia                               | Biochemistry (11)<br>Developmental Biology (19)<br>Genetics (12)<br>Neuroscience (6)<br>Physiology (10) | Electrical (15) | Chemistry (7)<br>Economics (12)<br>Mathematics (10)<br>Physics (12) |
| NYU                                    | Pharmacology (14)<br>Physiology (14)  | --              | Computer Science (17)<br>Economics (17)<br>Mathematics (8)          |
| Rockefeller Univ.                      | Developmental Biology (2)<br>Neuroscience (13)  | --              | --  |
| SUNY-Stony Brook                       | Ecology (10)  | --              | Mathematics (20)  |

Source: National Academy of Sciences, Research-Doctorate Programs in the United States, 1995 (this report is updated every ten years). The NAS reviewed more than 3,600 doctoral programs in 41 fields at 274 universities for the 1993 academic year. Criteria included the academic quality of each school's faculty, the effectiveness of the school's teaching, and the level of its research. For programs that were ranked at 100 or more schools, we have listed the top 20 universities; for programs that were ranked at fewer than 100 schools, we have listed the top 10. The top universities are shown with their respective national ratings for each discipline. We have included 21 of 41 fields. Please note that the NAS did not include graduate business programs in its study.

## VII. EDUCATION

### C. Educational Expenditures and Salaries

|              | PER-PUPIL<br>EXPENDITURES | RANK<br>(OUT OF 51) | TEACHER<br>SALARIES | RANK<br>(OUT OF 51) | STUDENT:<br>TEACHER<br>RATIO | RANK<br>(OUT OF 51) |
|--------------|---------------------------|---------------------|---------------------|---------------------|------------------------------|---------------------|
| New York     | \$12,325                  | 2                   | \$55,181            | 5                   | 12.6                         | 47                  |
| U.S. Average | \$8,248                   | --                  | \$46,752            | --                  | 15.8                         | --                  |

These figures represent statewide (and national) averages and are based on actual enrollment. The rankings include all 50 states, plus the District of Columbia. For expenditures and salaries, #1 represents the highest dollar amount; #1 also represents the highest student-teacher ratio.

Source: National Education Association, Rankings of the States, June 2005 Update.

### D. University R&D Expenditures

|                        | FEDERAL R&D<br>EXPENDITURES<br>(\$\$ IN MIL.) | % OF<br>LEADING<br>SCHOOL* | TOTAL R&D<br>EXPENDITURES<br>(\$\$ IN MIL.) | % OF<br>LEADING<br>SCHOOL* |
|------------------------|---|----------------------------|---|----------------------------|
| Columbia               | \$137.1                                       | 63.8                       | \$158.4                                     | 59.1                       |
| City Univ. of NY       | \$2.0   | 0.9                        | \$2.6                                       | 1.0                        |
| Fordham University     | \$1.5   | 0.7                        | \$2.0                                       | 0.7                        |
| NY Medical College     | \$9.5   | 4.4                        | \$12.1                                      | 4.5                        |
| NYU                    | \$73.1  | 34.0                       | \$97.5                                      | 36.4                       |
| Polytechnic University | \$5.9   | 2.7                        | \$8.9                                       | 3.3                        |
| Rockefeller University | \$34.9  | 16.2                       | \$65.6                                      | 24.5                       |
| SUNY-Health Sci. Ctr.  | \$12.2  | 5.7                        | \$21.3                                      | 7.9                        |
| SUNY-Stony Brook       | \$46.8  | 21.8                       | \$70.5                                      | 26.3                       |
| Yeshiva University     | \$57.4  | 26.7                       | \$72.7                                      | 27.1                       |

\*The percentage column reflects the amount spent by the local institution(s) relative to the amount expended at the top spending institution in each of the two categories.

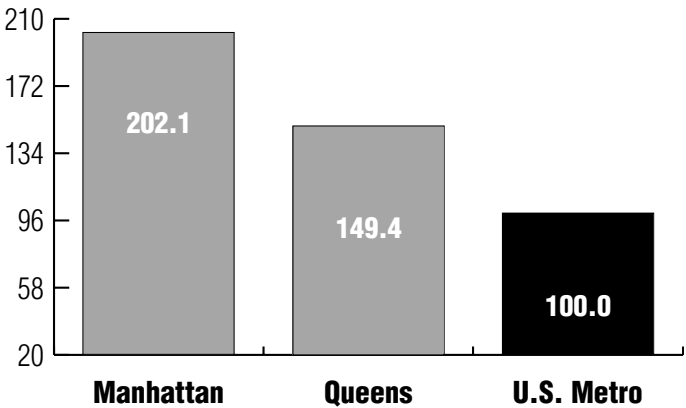
Source: National Academy of Sciences, Research-Doctorate Programs in the United States, 1995 (this report is updated every ten years). These amounts reflect the average annual expenditures from 1986 to 1992 (based on 1988 dollars).



## VIII. HOUSING & LIVING COSTS

### A. Overall Cost of Living (Index)

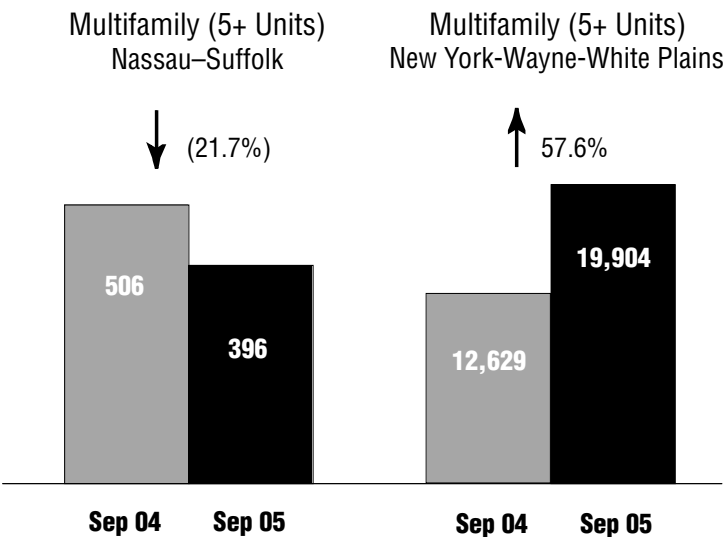
Metropolitan Cost of Living Index\*  
(2nd Qtr. 2005)



\*The ACCRA Cost of Living Index measures relative prices for consumer goods and services in participating areas. Housing is an important component of the Index. The average for all participating areas is 100. Each area's number is read as a percentage of that average.

Source: ACCRA Cost of Living Index, Louisville, KY, (502) 897-2890.

### B. Metropolitan Housing Permits



Local Data: Figures represent total permits granted year-to-date in the Nassau-Suffolk and New York PMSAs.

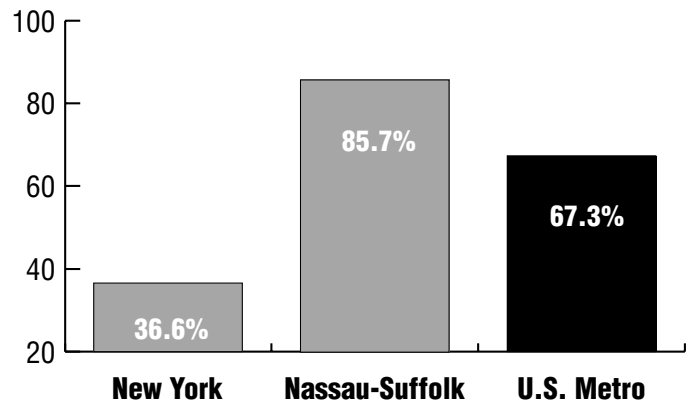
U.S. Data: The percent changes in single-family and multifamily permits nationwide were 3.8% and 10.5%, respectively.

Source: U.S. Census Bureau.

VIII. HOUSING & LIVING COSTS

C. Homeownership

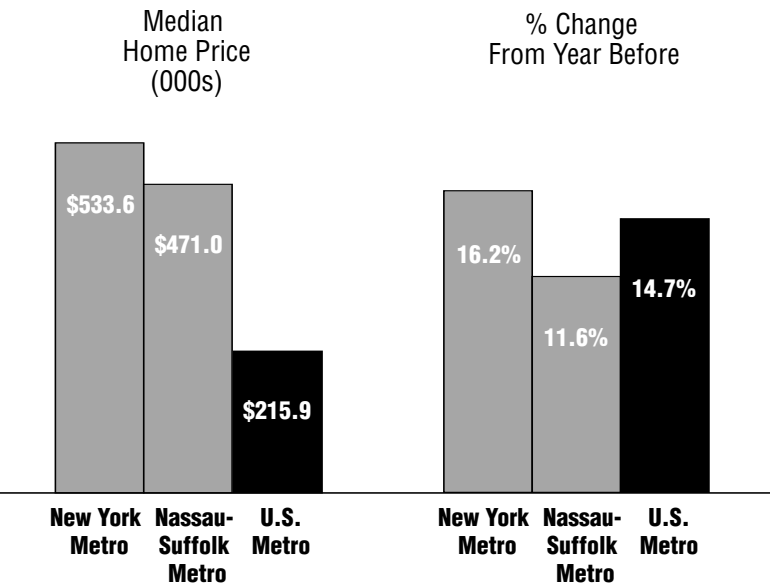
% of Households Owning Residences (2004)



Source: U.S. Census Bureau. Homeownership rates represent metropolitan averages as of year-end 2004.

D. Single Family Home Costs

Third Quarter 2005



Source: National Association of Realtors®.

## VIII. HOUSING & LIVING COSTS

### E. Local Utility Costs

|                | COMMERCIAL ELECTRIC<br>(10,000 KWH PER MO.) | INDUSTRIAL ELECTRIC<br>(650,000 KWH PER MO.) | RESIDENTIAL TOTAL<br>(1,000 KWH PER MO.) |
|----------------|---|--|--|
| New York City  | \$1,654                                     | \$76,722                                     | \$164                                    |
| Nassau-Suffolk | \$1,300                                     | \$54,297                                     | \$142                                    |
| U.S. Average   | \$844                                       | \$36,401                                     | \$87                                     |

These numbers reflect the bundled rates (i.e., the combined cost of generation, transmission, delivery, and any transfer fees) that were in effect in January 2004. The kwh per mo. figures are based on consumption rather than demand.

Source: Edison Electric Institute, Typical Bills and Average Rates Report, Winter 2004.

### F. Health Insurance Coverage & Costs

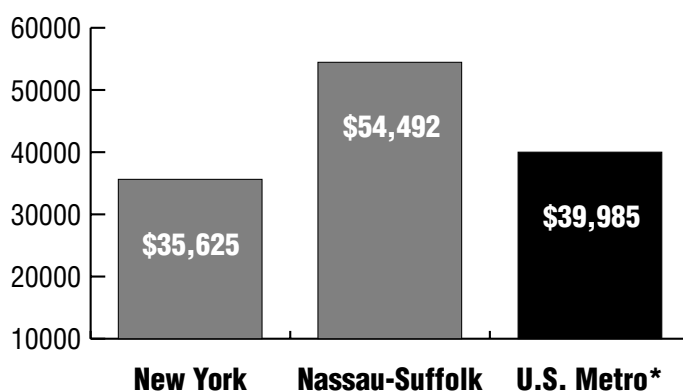
|                | % OF POP. COVERED<br>BY HEALTH INSURANCE | RANK<br>(OUT OF 51) | ANNUAL<br>PER CAPITA<br>HEALTH CARE<br>EXPENDITURES | RANK<br>(OUT OF 51) |
|----------------|--|---------------------|---|---------------------|
| New York State | 84.9                                     | 35                  | \$4,994   | 3                   |
| U.S.           | 84.4                                     | --                  | \$4,037   | --                  |

The #1 ranking represents the highest percentage of population covered by health insurance and the highest per capita personal health care expenditures.

Source: Health Insurance: Bureau of Labor Statistics and U.S. Census Bureau (2003). Health Care Expenditures: Centers for Medicare and Medicaid Services (1998).

## IX. OTHER ECONOMIC INDICATORS

### A. Metropolitan Median Household Income



#### Market Rank\*\*

|                |    |
|----------------|----|
| New York       | 54 |
| Nassau-Suffolk | 4  |

\*The U.S. Metro figure represents the median income of 323 metropolitan areas; \$38,035 is the median income nationwide.

\*\*Ranking of 57 metropolitan areas, with the #1 ranking representing the highest median household income.

Source: Sales & Marketing Management: 2003 Survey of Buying Power.

### B. High-Tech Industry Employment

|                | NUMBER OF<br>ESTABLISHMENTS<br>(2001) | RANK<br>(OUT OF 51) | NUMBER OF<br>EMPLOYEES<br>(2002) | RANK<br>(OUT OF 51) | HIGH-TECH<br>EMPLOYMENT<br>GROWTH<br>(2001-2002) | RANK<br>(OUT OF 51) |
|----------------|---------------------------------------|---------------------|----------------------------------|---------------------|--|---------------------|
| New York State | 20,374                                | 3                   | 329,749                          | 3                   | [7.9%]   | 33                  |

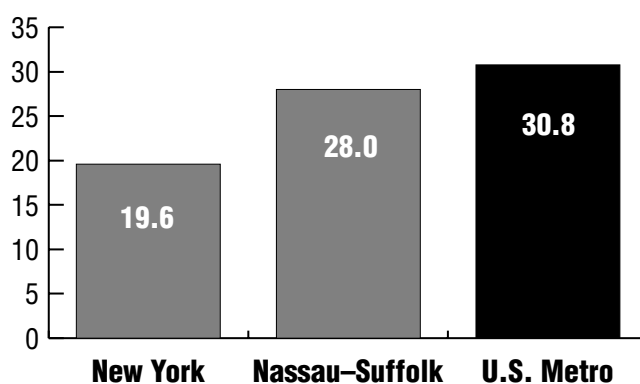
The #1 ranking represents the highest amount in each category.

Source: Cyberstates 2003, American Electronics Association.

## IX. OTHER ECONOMIC INDICATORS

### C. Metropolitan Area Patents

Patents Per 100,000 Residents (1999)



Market Rank\*

|                |    |
|----------------|----|
| New York       | 40 |
| Nassau-Suffolk | 31 |

\*Ranking of 52 metropolitan areas, with the #1 ranking representing the largest number of per capita patents.

Source: Dept. of Commerce, Patent & Trademark Office, April 2000.

### D. Major Airport Activity

|  | TOTAL<br>(2004) | % CHANGE<br>FROM 2003 | NATIONAL<br>RANK* | WORLD<br>RANK* |
|--|-----------------|-----------------------|-------------------|----------------|
| <b>JFK INTERNATIONAL</b>                       |                 |                       |                   |                |
| <b>Passengers</b><br>(in millions)             | 37.4            | 17.7%                 | 8                 | 15             |
| <b>Cargo</b><br>(in thousands<br>-metric tons) | 1,683.1         | 2.7%                  | 6                 | 12             |
| <b>LA GUARDIA</b>                              |                 |                       |                   |                |
| <b>Passengers</b><br>(in millions)             | 24.4            | 7.9%                  | 20                | 38             |
| <b>Cargo</b><br>(in thousands<br>-metric tons) | 26.5            | (6.9%)                | 78                | 229            |

\*Ranking of 137 national and 820 international airports, with the #1 ranking representing the largest number of passengers and the largest amount of cargo.

Source: Airports Council International, Geneva, Switzerland.

## IX. OTHER ECONOMIC INDICATORS

### E. International Trade

International Trade Volume

|  | IMPORT    | EXPORT  | TOTAL     |
|--|-----------|---------|-----------|
| <b>New York</b><br>(Part of the New York, NY Customs District) |           |         |           |
| January-September 2005 (\$\$\$ in billions)                    | \$129.9   | \$67.0  | \$196.9   |
| % Change (from year ago)                                       | 6.9%      | 13.5%   | 9.1%      |
| <b>Total U.S.</b>  |           |         |           |
| January-September 2005 (\$\$\$ in billions)                    | \$1,221.3 | \$666.5 | \$1,887.8 |
| % Change (from year ago)                                       | 13.8%     | 10.6%   | 12.6%     |

Source: Dept. of Commerce, Foreign Trade Division.

### F. Gross State Product

|   | 1994      | 2004       | % CHANGE<br>1994-2004 |
|---|-----------|------------|-----------------------|
| New York Ranking*<br>(out of 51)              | 2         | 2          | --                    |
| <b>New York Total</b><br>(\$\$\$ in billions) | \$627.1   | \$843.1    | 34.4%                 |
| <b>U.S. Total</b> (\$\$\$ in billions)        | \$7,538.5 | \$10,720.3 | 42.2%                 |

\*Ranking of all 50 states (plus the District of Columbia), with the #1 ranking representing the highest dollar amount.

Note: While the dollar amounts are no longer inflation-adjusted, they are "chain-weighted" to make them comparable to the specified 1996 base period.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

## IX. OTHER ECONOMIC INDICATORS

### G. Gross Metropolitan Product

GMP  
(\$\$ in billions)

|                | 2003    | RANK<br>(OUT OF 100) | % CHANGE<br>(FROM 2002) |
|----------------|---------|----------------------|-------------------------|
| New York       | \$488.8 | 1                    | 4.1%                    |
| Nassau-Suffolk | \$122.9 | 16                   | 5.6%                    |

\*Ranking of 100 metropolitan areas, with the #1 ranking representing the highest dollar amount.

Source: U.S. Conference of Mayors.

X. TAXES AND EXPENDITURES

A. State Tax Rates/Employer Expenses

| TAX   | RATE         |
|---|--------------|
| <b>Business Taxes:</b>                                  |              |
| Corporate Income/Franchise                              | 7.5%         |
| Unemployment Insurance                                  | 4.1%         |
| <b>Individual Taxes:</b>                                |              |
| Sales/Use   | 4.25%        |
| Food Exemption  | Yes          |
| Maximum Local Levy                                      | 4.50%        |
| Cigarette Tax (per package)                             | \$1.50       |
| Personal Income Rates                                   | 4.0% to 7.7% |
| Beginning Income for Maximum Rate*                      | \$500,000    |
| State Taxes Paid in 2004—Percentage of Personal Income: |              |
| Local   | 6.6%         |
| United States   | 6.5%         |

The above data reflects our best efforts. All recent changes at the local/state level may not have been captured.

\*For those married filing jointly.

Source(s): Tax Foundation; Federation of Tax Administrators; and INDEX research.

B. Local Residential Property Taxes

2002 Residential Property Tax Rate  
(Per \$100 Valuation)

| LOCATION          | EFFECTIVE RATE | RANK*<br>(OUT OF 58) |
|-------------------|----------------|----------------------|
| New York City CMP | \$1.80         | 46                   |
| Long Island       | \$2.33         | 57                   |

\* The residential property tax ranking is based on a comparison of 58 metropolitan areas analyzed by the National Real Estate Index. Markets are rated in ascending order. (Number 58 denotes the highest tax rate in the study.)

Important: Please be aware that because of the wide disparities in tax rates, assessment ratios, and assessment periods from jurisdiction to jurisdiction (even within some metropolitan areas), the rates reported represent approximations only. In large cities where a range of residential tax rates is applied, we have used Runzheimer's composite tax rate (CMP).

Source: Runzheimer International, Rochester, WI. Runzheimer International, a management consulting firm specializing in transportation, travel and living costs, provided the effective residential property tax rate. For more information on employee relocation, moving costs, and travel expenses, contact Runzheimer at 1-800-558-1702.



X. TAXES AND EXPENDITURES

C. Local Commercial Property Taxes

2001 COMMERCIAL PROPERTY TAX RATE  
(PER \$100 VALUATION)

| CITY           | BASIC RATE | EFFECTIVE RATE | RANK**<br>(OUT OF 85) |
|----------------|------------|----------------|-----------------------|
| New York City* | \$9.70     | \$4.36         | 84                    |
| White Plains*  | \$42.51    | \$19.13        | 85                    |

\*Commercial property is taxed at 45% of market value. Additional assessment ratios vary widely between jurisdictions.

\*\*The commercial property tax ranking is based on a comparison of 85 communities analyzed by the National Real Estate Index. Markets are rated in ascending order. (Number 85 denotes the highest tax rate in the study.)

Except where noted, inventory and intangible property are completely (or largely) exempt from taxation, and tangible personal property is taxed at rates and assessment ratios comparable to those for real property.

**Important:** Please be aware that because of the wide disparities in tax rates, assessment ratios, and assessment periods from jurisdiction to jurisdiction (even within some metropolitan areas), the rates reported represent approximations only. Actual tax assessments could vary substantially, depending on property class, age and location.

Source: Basic tax rates (and assessment ratios) were provided by Vertex Inc., Berwyn, PA, (800) 355-3500. The "effective" rates factor in the proportion of property value assessed for taxation purposes, and were calculated by the National Real Estate Index staff. Where a range of basic rates applied, the median was utilized.

D. Tourism & Entertainment Taxes

|                                  | HOTEL<br>TAX | RESTAURANT<br>TAX | CAR RENTAL<br>TAX* |
|----------------------------------|--------------|-------------------|--------------------|
| New York                         | 13.25%       | 8.25%             | 8.25%              |
| Average of 50<br>Surveyed Cities | 12.36%       | 7.29%             | 8.40%              |

The above data reflects our best efforts. All recent changes at the local/state level may not have been captured.

\*This is the basic rate. It does include local surcharges.

Source: Travel Industry Association of America, Washington, DC.

## X. TAXES AND EXPENDITURES

### E. State Tax Revenue

State Tax Revenue  
July 2004-June 2005  
(\$\$ in millions)

|          | PERSONAL<br>INCOME | CORPORATE<br>INCOME | SALES     | TOTAL *   | % CHANGE<br>FROM YEAR AGO |
|----------|--------------------|---------------------|-----------|-----------|---------------------------|
| New York | \$29,455           | \$2,892             | \$10,653  | \$49,269  | 11.4%                     |
| U.S.     | \$221,061          | \$40,091            | \$198,544 | \$551,315 | 10.6%                     |

The fiscal year begins on July 1 for all 50 states except Alabama (Oct 1), Michigan (Oct 1), New York (April 1), and Texas (Sept 1).

\*Figures reflect total tax revenue reported for the state's general fund.

Source: Nelson A. Rockefeller Institute of Government, State Revenue Report.

### F. Federal Spending Per Capita

|                          | TOTAL<br>FEDERAL SPENDING | NATIONAL<br>RANK* | % CHANGE<br>FROM YEAR AGO |
|--------------------------|---------------------------|-------------------|---------------------------|
| New York                 | \$7,186                   | 23                | 6.7%                      |
| Nassau County            | \$5,745                   | --                | 7.2%                      |
| New York City & County** | \$6,962                   | --                | 6.4%                      |
| Suffolk County           | \$5,658                   | --                | 7.2%                      |
| Westchester County       | \$5,482                   | --                | 3.1%                      |
| U.S. Average             | \$6,910                   | --                | 2.9%                      |

\*Ranking based on all 50 states, plus the District of Columbia, with the #1 ranking representing the highest dollar amount.

\*\*The New York City & County listing includes the Bronx, Kings, Queens, and Richmond Counties.

Source: U.S. Census Bureau, Consolidated Federal Funds Report for Fiscal Year 2003.

## XI. QUALITY OF LIFE

### A. State Livability Index

|          | 2005 INDEX<br>RATING* | 2005 RANK** | 2004 RANK** |
|----------|-----------------------|-------------|-------------|
| New York | 24.09                 | 30          | 33          |

\*The livability index rating reflects an average of ratings for 44 categories including crime rate, unemployment rate, hazardous waste sites, quality of infrastructure (e.g., roads, bridges, etc.), high school graduation rate, spending on the arts, and tax burden. The scale is 1 to 50, with 50 being the best possible.

\*\*The ranking is based on all 50 states, with the #1 ranking representing the highest livability rating.

Source: The Morgan Quitno Press, (800) 457-0724.

### B. Crime Rate

Crime Per 100,000 Inhabitants—2003

|                             | VIOLENT | % CHANGE<br>FROM 2002 | PROPERTY | % CHANGE<br>FROM 2002 |
|-----------------------------|---------|-----------------------|----------|-----------------------|
| New York-Wayne-White Plains | 616.8   | N/A                   | 2,154.2  | N/A                   |
| U.S. Metro Average          | 516.8   | (5.3)                 | 3,783.0  | (2.1)                 |

Note: The crime data for 2003 reflects the new metropolitan area definitions issued by the Office of Management and Budget as of December 2003. In those areas where there were changes in the definition, reporting practices, annexations, and/or incomplete data, figures are no longer comparable to the previous years'.

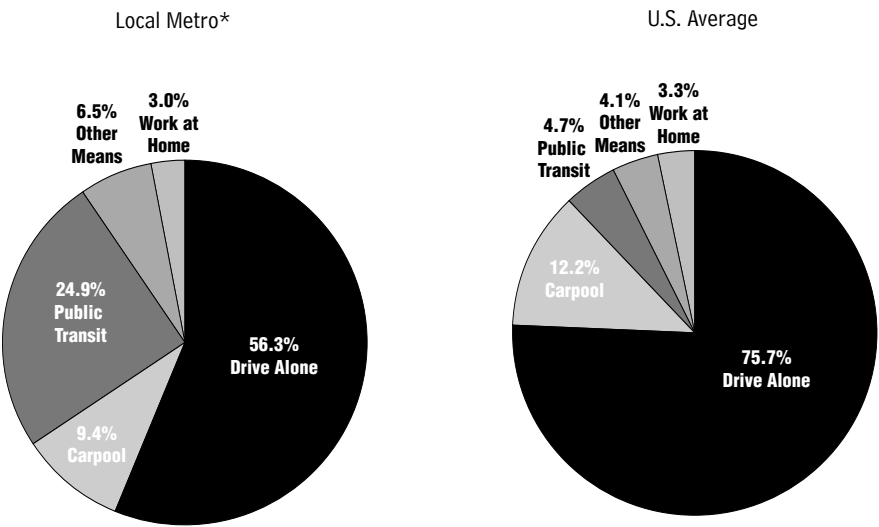
Source: Federal Bureau of Investigation, Crime in the United States.

XI. QUALITY OF LIFE

C. Climate

|   |      |     |
|---|------|-----|
| Average Temperature (Fahrenheit)        |      |     |
|   | High | Low |
| Winter                                  | 38   | 26  |
| Spring                                  | 61   | 44  |
| Summer                                  | 85   | 68  |
| Autumn                                  | 66   | 50  |
| Average Annual Precipitation: 44 inches |      |     |
| Elevation: 87 ft                        |      |     |
| % of Sunny Days Per Year: 58%           |      |     |

D. Mode of Travel to Work



\*Data is for the New York-Northern New Jersey-Long Island CMSA.

Source: U.S. Census Bureau, American FactFinder: Journey to Work, 2000.

## XI. QUALITY OF LIFE

### E. Congestion Index

|                         | CONGESTION<br>COST TOTAL<br>(\$\$ IN MILLIONS) | CONGESTION<br>COST<br>PER PEAK<br>TRAVELER | WASTED FUEL<br>PER PEAK<br>TRAVELER<br>(GALLONS) | DELAY<br>PER PEAK<br>TRAVELER<br>(HOURS) |
|-------------------------|--|--|--|--|
| New York-Newark         | \$6,780.0                                      | \$824                                      | 24   | 49                                       |
| Current Ranking*        | 2  | 19   | 27   | 18                                       |
| Previous Year's Ranking | 2  | 15   | 27   | 15                                       |

\*The ranking compares this city to the 84 others in the study, with the #1 rankings representing the highest cost, largest amount of fuel wasted, and longest delay. All data is annual and is for the year 2003. The "congestion cost" includes the value of the extra travel time as well as the wasted fuel costs. "Peak travelers" include those beginning their travel using a motorized mode during the peak periods (6 to 9 a.m. and 4 to 7 p.m.). Significant ranking changes can occur due to the tight "bunching" of values among some metropolitan areas.

Source: Texas Transportation Institute, Texas A&M University, 2005 Urban Mobility Report, (979) 845-1713, <http://mobility.tamu.edu>.

### F. Major Professional Athletic Franchises

#### NATIONAL FOOTBALL LEAGUE

New York Jets, New York Giants  
(co-tenants of Giants Stadium in New Jersey)

#### MAJOR LEAGUE BASEBALL

New York Yankees, New York Mets

#### NATIONAL BASKETBALL ASSOCIATION

New York Knicks

#### NATIONAL HOCKEY LEAGUE

New York Islanders, New York Rangers

## METHODOLOGY

The National Real Estate Index (INDEX) maintains proprietary databases and reports benchmark averages for large income-producing properties leased, bought and sold nationwide.

### Property Prices, Rents, and Cap Rate Data

The price, rent, and cap rate data that appear in *Metro Market Facts* are from the INDEX's *Value Monitor* and *Rent Monitor* publications.

The INDEX *Value Monitor* compiles and reports average sale prices and capitalization rates for Class A properties in 61 local and nine regional markets throughout the United States. Prices and capitalization ("cap") rates for the Class A CBD (i.e., "downtown") office, suburban office, warehouse/distribution, anchored unenclosed shopping center, and apartment sectors are reported. In addition, Class B apartment values and cap rates are compiled in all markets as well. The INDEX *Rent Monitor* compiles and reports average rents in the same market areas and property sectors as its *Value Monitor* counterpart.

**Value Monitor Property Prices:** Generally, the average property prices that appear for each of the 61 regularly-reported local markets in the *Value Monitor* (and *Market History Report*) are derived from current or historical property sales transactions in the underlying local markets. Nationwide, the National Real Estate Index typically compiles more than 1,500 transactions of large improved properties each period, many of which are utilized to formulate local market benchmark prices. In any given period, a number of local market property prices are derived solely from property sales. Typically, in such cases, benchmark prices will reflect activity over more than one period (i.e., a "rolling quarter" average).

In those markets and property sectors where there is inadequate current investment activity to justify reporting a pure transaction-based price, the benchmark value is formulated based on historical sales data and current market factors, including the operating performance of "like-kind" properties within the respective market and property sector. We realize, of course, that this necessitates an element of "informed judgment" but disparities in local market size and liquidity over time sometimes dictate a modified, "hybrid" approach.

**Value Monitor Cap Rates:** Like the prices, the market benchmark capitalization rates are based on current or historical property sales. The cap rate data reported in the *Value Monitor* is intended to reflect recent operating income, rather than forward-looking (i.e., "pro forma") performance. Where the data are available, the cap rates incorporate property-level operating income on consummated sales within the respective marketplaces. However, in many instances, these data either are not available, or the "robustness" of the reported income data is questionable. In those cases, cap rates are derived from the average benchmark property price (which is based on current period or historical transactions) and a representative market-wide operating income proxy for that property type. Because of these data-based qualifications, the cap rates are the most volatile of the data reported by the INDEX and, therefore, are perhaps most useful in determining market directions and trends.

**Rent Monitor Gross Rents:** Except for retail, stated rents reflect all occupancy costs. Because reported rents exclude rent concessions, if any, reported rents are therefore **effective gross rents**. Reported *retail* rents include in-lying small shop space only and are *triple net*. *Warehouse rents* reflect lease rates for *warehouse space only*.

In essence, the INDEX *Rent Monitor* attempts to formulate a "same store" rent and free rent benchmark for each local market and property type reported. In order to monitor rental rate trends, the INDEX surveys "prototype" or "tracked" properties that conform to certain standards that are discussed in greater depth in each *Rent Monitor* publication. In general, however, these properties are high quality, have current construction materials and techniques, and are aesthetically modern and attractive. The buildings are representative of local market conditions, and have stabilized operations. Most Class A survey properties are 15 years old or less.

**Note:** As for most statistical data services, previously-reported data is revised as needed to reflect the receipt of new data. We believe this approach helps assure the most reliable data over the long-term. In particular, *all* data reported in the current period should be considered preliminary.

Because the rent figures represent quoted rates (after concessions) on space currently available (rather than the total rental income for all buildings surveyed), prices, rents, and cap rates may not always appear "internally" consistent. Reported price and rent trends are sometime modified by independent market surveys conducted by the INDEX research staff. As noted above, where there are too few transactions to constitute a statistically-significant sample or the underlying data for the transactions are incomplete, the performance of prototype properties is used to supplement the transaction data in deriving average values and cap rates.

**For Additional Price, Rent and Cap Rate Information:** The INDEX *Value Monitor* and *Rent Monitor* publications report price, rent and cap rate benchmarks each quarter for 61 leading U.S. markets, as well as property values in many other local markets and property sectors (in the *Value Monitor*). For more information on these publications, please see our website ([www.nrei.info](http://www.nrei.info)) or phone (800) 992-7257.

### Other Data

To provide a more comprehensive picture of the current market conditions in each local market, *Metro Market Outlook* reports a wide range of real estate, demographic and economic data. These data are selected from a variety of secondary sources. Please see the citation that accompanies each chart for the source of the data employed.

# MARKET•SCORE METHODOLOGY/ RATING EXPLANATION

The National Real Estate Index uses a proprietary model, created by Global Real Analytics, LLC for analyzing the real estate investment potential in 66 metropolitan markets nationwide. Market•Score evaluates the potential performance over a two-year horizon for 24 property sector classes of which Class A Central Business District (CBD) office, suburban office, warehouse, retail (unenclosed grocery-anchored shopping centers only), Class A apartment, and Class B apartment are presented in Metro Market Outlook. The rankings are based on key econometric and real estate-related data, portions of which are derived from our extensive proprietary property database.

**Investment Potential Ratings:** The investment potential is expressed both on a five-point continuum (i.e., "Rating") and on a numerical scale of 60-100 (i.e., "Score") that reflect our view of the comparative total return potential of properties in the respective sector/market for the succeeding two years. The investment score is based, first and foremost, on the rental prospects, as well as on a number of documentable (but not necessarily quantifiable) variables that impact the prospects for future price appreciation of real estate in local markets. Potential rental changes are formulated using a proprietary model of documentable and quantifiable economic, demographic, and real estate trends. Naturally, the variables employed vary from property sector to sector, but among the variables included are vacancy, construction, rental rate trends, job growth and related absorption, the distribution of employment within local markets, population and household growth, and household income.

Among the "clusters" of factors that supplement the rental prospects in the total return calculus are: (1) obstacles to construction; (2) corporate location preferences; (3) labor costs and quality; (4) the relationship between government and business, as well as corporate taxes; (5) the quality of life; (6) infrastructure and market access; and, finally, (7) current property values.

These factors are assessed weights in the overall model based on their relative importance and the extent to which they characterize the respective market in question. The continuum for investment prospects are shown below. The "rating" and "score" columns correspond as follows:

| Investment Potential |          |
|----------------------|----------|
| Rating               | Score    |
| Excellent            | 93+      |
| Good                 | 86-92    |
| Average              | 75-85    |
| Fair                 | 65-74    |
| Speculative          | Below 65 |

**General Observations and Model Limitations:** As is appropriate for any comprehensive market analysis and rating, a clarification as to what the data purports to measure, as well as the potential pitfalls, is in order. First and foremost, the investment performance ratings reported in Market•Score are comparative. That is, we are attempting only to identify those markets that offer superior total return potential relative to other real estate markets. What absolute level of return will be achieved, or how the performance of any local real estate market will compare to that of financial assets such as stocks and bonds, is not analyzed here.

Second, like other analysts, we cannot forecast major exogenous events that may impact performance. The model's emphasis on analyzing comparative rather than absolute returns, however, should mitigate somewhat the prospective impact of major external macroeconomic or political events, should they occur.

Third, we have purposely chosen to emphasize documentable data, thereby largely eschewing forecasts (especially long-term ones) from third parties. We acknowledge that our emphasis on documentable trends may cause some readers to perceive a conservative bias in our strategic model. Consequently, all markets are ranked and "scored" each quarter.

## ADDITIONAL DATA RESOURCES/WEB LINKS

Links to the following resources are presented as an informational service to NREI subscribers. The NREI does not endorse, support, or opine as to the accuracy or usefulness of any of the data or information found at these independent links.

### **CB Richard Ellis Local Market Reports**

<http://www.cbre.com/Research/Market+Reports/Local+Reports+Worldwide/globalresearch.htm>

### **CB Richard Ellis U.S. National Vacancy Reports**

<http://www.cbre.com/Research/Market+Reports/US+Vacancy+Reports/default.htm>

### **New York Chamber of Commerce**

<http://nyc.chamber.com/>

### **Manhattan Chamber of Commerce**

<http://www.manhattancc.org/>

### **Long Island Chambers of Commerce**

<http://www.promoteli.com/nchambers.htm>

### **Long Island Convention and Visitors Bureau**

<http://www.licvb.com/>

### **New York - City Data**

<http://www.city-data.com/city/New-York-New-York.html>



## PUBLISHER

GLOBAL REAL ANALYTICS

**Richard Wollack**  
Chairman & CEO

**Daniel O'Connor**  
Managing Director—  
Global Forecasting

**James Sempere**  
Chief Operating Officer

**Paul Wildes**  
Director of Marketing

## RESEARCH/PRODUCTION

**Terry Deming**  
Director—Data Acquisition &  
Market Research

**Bianka Noguera**  
Data Research & Accounting

**Loubna Saleh**  
Data Management & Research

**Paul Tran**  
Data Management & Research

**Axenia Velitchev**  
Research Analyst

**Jack Doyle**  
Director—Property Research

**Tamu Dawson**  
Senior Production Editor

**Tammy Nguyen**  
Data Production

**Kaom Te**  
Analyst, Information  
Systems

**Morena Hopkins**  
Research Analyst

NATIONAL REAL ESTATE INDEX publications are published quarterly by Global Real Analytics, LLC  
505 Montgomery Street, 6th Floor, San Francisco, CA 94111  
(800) 992-7257, [www.nrei.info](http://www.nrei.info)

Copyright © 2005 by National Real Estate Index.

**IMPORTANT:** Metro Market Outlook is sold with the understanding that neither the publisher nor the editorial advisor is engaged in rendering legal, tax, accounting, or other professional advice through this publication. No statement, ranking, or "score" in this issue is to be construed as a recommendation to buy or sell securities, or as investment advice to buy or sell properties. Real estate is generally a long-term, illiquid investment and requires careful consideration of financial objectives and independent research before investing.

Reasonable care has been exercised in compiling information and presenting it fairly and accurately. However, the publisher does not guarantee its accuracy.

Reproduction, photocopying or incorporation into any information retrieval system for external or internal use is prohibited unless written permission is obtained beforehand from the publisher for each article. The subscription fee entitles the subscriber to one original only. Group (i.e., "Enterprise") subscriptions are available, often at discounted rates.

**SUBSCRIPTION INFORMATION:** An annual subscription to *Metro Market Outlook* includes four quarterly issues.

One Quarter Subscription Rate—Single Market: \$175  
One Quarter Subscription Rate—All 50 Markets: \$2,995

Annual Subscription Rate—Single Market: \$395  
Annual Subscription Rate—All 50 Markets: \$6,995

For information on The National Real Estate Index family of publications (or if you have questions regarding these policies), please call us at (800) 992-7257 ext. 2, or visit our website at [www.nrei.info](http://www.nrei.info).

## Other Metro Market Outlook Reports Available

Albuquerque  
Atlanta  
Austin  
Baltimore  
Boston  
Central New Jersey  
Charlotte  
Chicago  
Cincinnati  
Cleveland  
Columbus  
Dallas-Ft. Worth  
Denver  
Detroit  
Fort Lauderdale  
Greenville-Spartanburg  
Hartford

Honolulu  
Houston  
Indianapolis  
Jacksonville  
Kansas City  
Las Vegas  
Los Angeles  
Memphis  
Miami  
Milwaukee  
Minneapolis-St. Paul  
Nashville  
Newark-No. New Jersey  
New York-Nassau Suffolk  
Oakland-East Bay  
Oklahoma City  
Orange County

Orlando  
Philadelphia  
Phoenix  
Portland  
Raleigh-Durham  
Riverside-San Bernardino  
Sacramento  
Salt Lake City  
San Diego  
San Francisco  
San Jose  
Seattle  
St. Louis  
Tampa-St. Petersburg  
Washington, D.C.  
West Palm Beach