Metro Market OUTLOOK™

New York

Vol. 50
SECOND QUARTER 2006

ANALYZES:
CBD Office
Suburban Office
Industrial
Retail
Apartments

REPORTS:
Property Prices
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Housing & Living Costs
Quality of Life Factors

REPORT FORMAT

Vol. 50

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 or call (800) 992-7257.

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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:

New York
Bronx County
Kings County
New York County
Putnam County
Queens County
Richmond County
Rockland County
Westchester County

Nassau-Suffolk
Nassau County
Suffolk County

NEW DEFINITION*

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

New York
Bronx County
Kings County
New York County
Putnam County
Queens County
Richmond County
Rockland County
Westchester County

New Jersey
Bergen County
Hudson County
Passaic County

Nassau-Suffolk
Nassau County
Suffolk County

*The Office of Management and Budget (OMB) recently released revised defintions 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
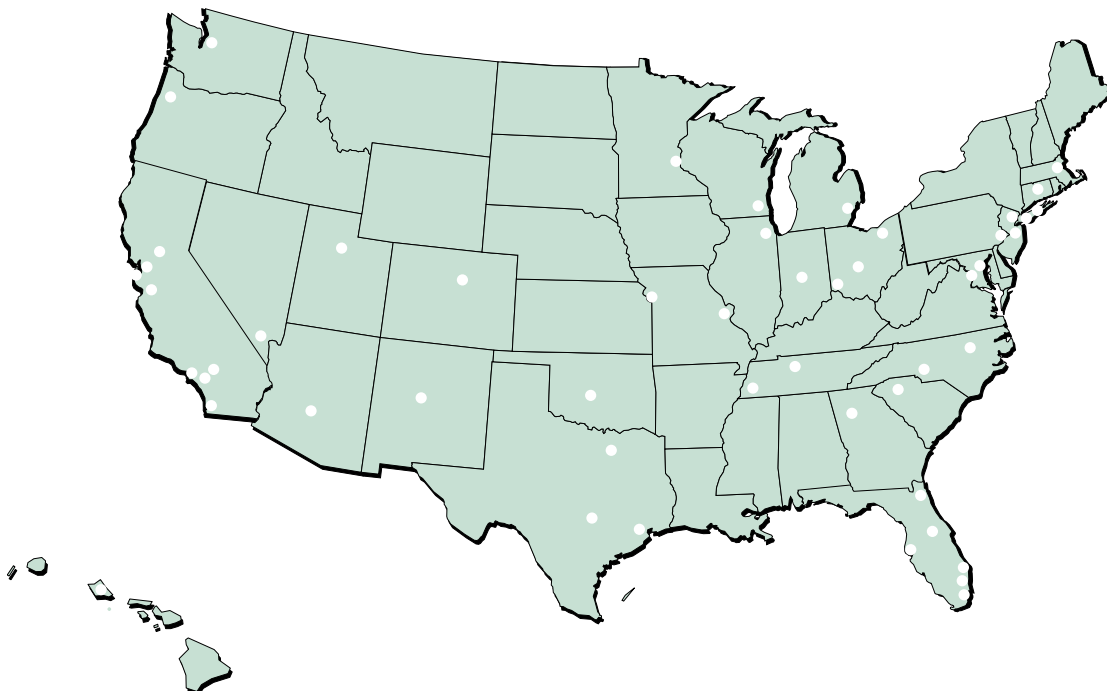
NEW YORK: METROPOLITAN MAP

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

New York, NY

0 ___ 3 Mi
0 ___ 3 Km
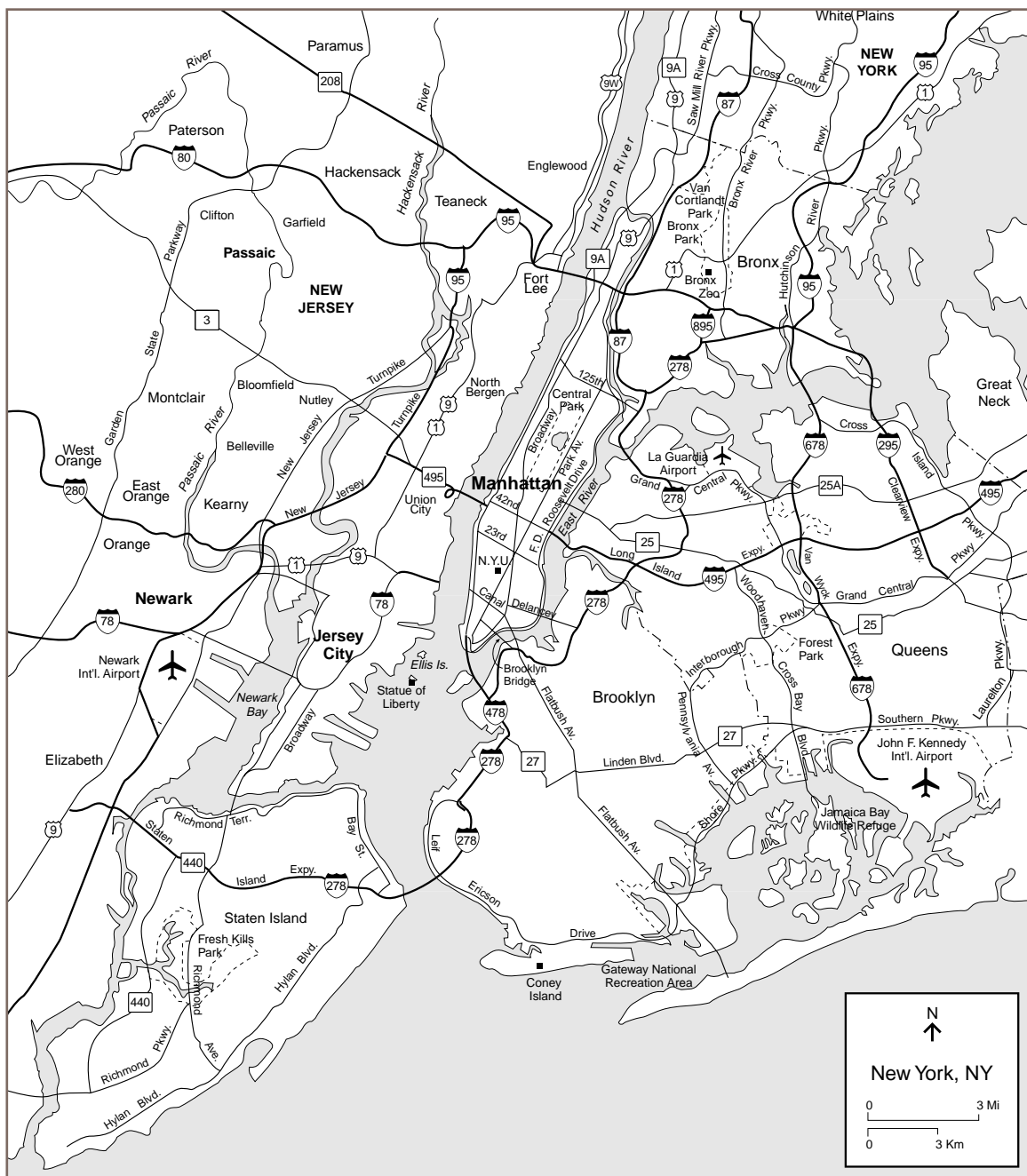
NASSAU-SUFFOLK: METROPOLITAN MAP

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

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NEW YORK: MARKET TRENDS SUMMARY

CBD OFFICE

Manhattan Downtown/NYC's office sector has a $41.02 per square foot effective rent for Class A office, which is 2.6% higher than last quarter and 9.7% higher than last year. This metro has a $428.98 per square foot average price for CBD office, which is 1.3% higher than last quarter and 13.4% higher than last year. The metro has an 11.0% CBD office vacancy rate, which is 1.8% lower than last year.

Manhattan Midtown's office sector has a $61.66 per square foot effective rent for Class A office, which is 2.2% higher than last quarter and 11.5% higher than last year. This metro has a $568.05 per square foot average price for CBD office, which is 2.8% higher than last quarter and 8.2% higher than last year. The metro has a 4.7% CBD office vacancy rate, which is 2.2% lower than last year.

SUBURBAN OFFICE

The metro of New York has a $30.97 per square foot effective rent for Class A suburban office, which is 0.3% higher than last quarter and 4.4% lower than last year. This metro has a $247.40 per square foot average price for suburban office, which is 0.1% higher than last quarter and 1.8% higher than last year.

WAREHOUSE

The metro of New York has an $8.52 per square foot effective rent for warehouse, which is 1.1% higher than last quarter and 2.5% higher than last year. This metro has a $75.36 per square foot average price for warehouse, which is 1.8% higher than last quarter and 5.0% higher than last year.

RETAIL

The metro of New York has a $28.11 per square foot effective rent for Class A unenclosed shopping centers, which is 0.6% higher than last quarter and 6.3% higher than last year. This metro has a $253.81 per square foot average price for shopping centers, which is 3.1% higher than last quarter and 16.0% higher than last year.

APARTMENT

The metro of New York has a $27.84 per square foot effective rent for Class A apartments, which is 1.8% higher than last quarter and 6.9% higher than last year. This metro has a $233.56 per square foot average price for apartments, which is 3.4% higher than last quarter and 20.8% higher than last year.

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	$277.51	6.7%	$210.35	6.9%	$58.65	7.3%	$178.34	7.0%	$144.72	6.0%	$95.81	6.9%
Northeast Region	423.84	6.0	234.07	7.1	69.66	7.5	201.90	7.2	206.09	6.2	118.30	7.0
Manhattan Downtown*												
2 Q. '06	428.98	5.2	n/a	n/a	n/a	n/a	n/a	n/a	537.99	5.6	229.16	6.6
1 Q. '06	423.47	5.2	n/a	n/a	n/a	n/a	n/a	n/a	528.00	5.5	219.39	6.8
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
New York**												
2 Q. '06	568.05	5.7	247.40	7.2	75.36	8.1	253.81	7.0	233.56	6.5	123.57	7.6
1 Q. '06	552.38	5.8	247.08	7.2	74.06	8.2	246.20	7.2	225.94	6.6	118.57	7.8
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
Nassau-Suffolk												
2 Q. '06	227.65	6.7	234.07	5.9	68.03	6.8	207.80	6.8	177.45	7.1	112.67	7.5
1 Q. '06	217.16	7.0	224.65	6.1	66.73	6.9	200.45	6.9	169.40	7.3	107.97	7.7
2 Q. '05	195.28	7.7	185.64	7.3	62.20	7.2	181.40	7.3	152.08	7.9	97.00	8.2

Source: NREI *Value Monitor.*

*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.

**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.

I. VALUE FACTS & TRENDS

B. Value Trends—Change in Price Per Square Foot
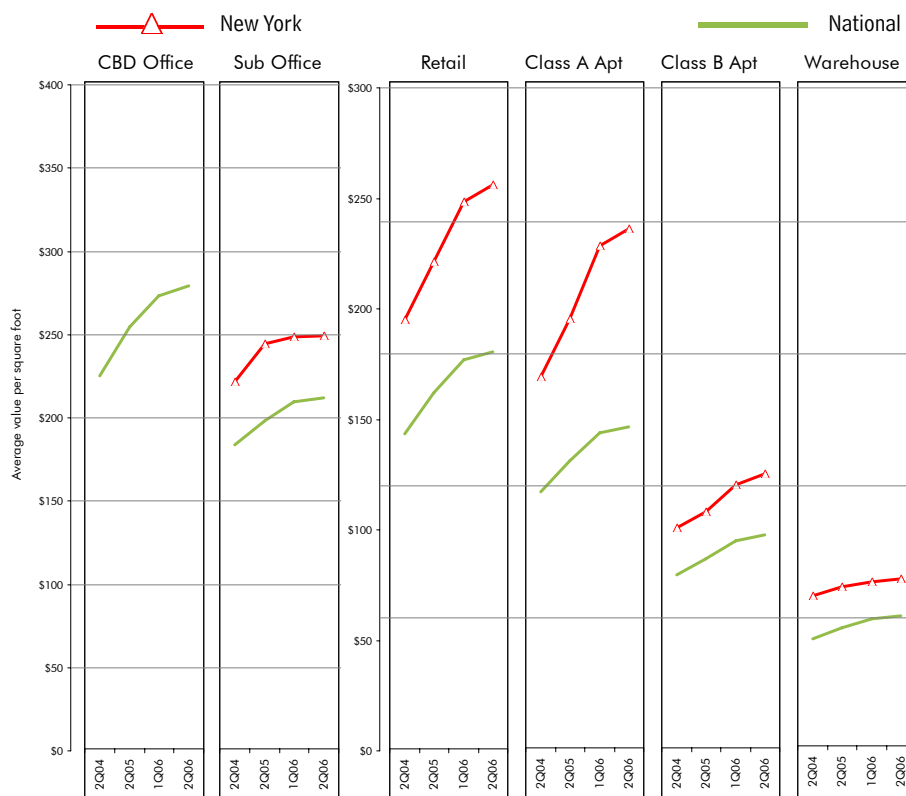
Source: NREI *Value Monitor*.

C. Other Property Class Values—Most Recent Period

PROPERTY SECTOR	PRICE PER SF	PROPERTY SECTOR	PRICE PER SF
Manhattan Downtown		Class B Warehouse	$55.49
Class B CBD Office	$247.24	Class C Warehouse	35.19
Class C CBD Office	195.14	Class D Warehouse	19.38
Manhattan Midtown		Class A Self-Storage	158.49
Class B CBD Office	$324.17	Class B/C Self-Storage	107.86
Class C CBD Office	221.47	Class A Flex/Business Campus	153.84
New York		Class B Flex/Business Campus	96.18
Class B Suburban Office	$162.41	Class C Flex/Business Campus	52.92
Class C Suburban Office	101.93		

Source: NREI *Value Monitor*.

I. VALUE FACTS & TRENDS

D.   Local Market Property Value Rankings

2nd Qtr. 2006 - Rankings
(#1 is highest rank, #61 is lowest)

	CBD OFFICE	SUBURBAN OFFICE	WAREHOUSE	RETAIL	CLASS A APARTMENT	CLASS B APARTMENT
Manhattan Downtown/NYC	3	N/A	N/A	N/A	1	1
New York	1	9	9	4	3	11
Nassau-Suffolk	17	13	17	10	13	12

*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 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 OFFICE	SUBURBAN OFFICE	WAREHOUSE	RETAIL	CLASS A APARTMENT	CLASS B APARTMENT
% CHANGE FROM _QUARTER AGO_						
New York	+2.8%	+0.1%	+1.8%	+3.1%	+3.4%	+4.2%
National Average	+2.2%	+1.1%	+2.0%	+2.0%	+2.0%	+2.6%
% CHANGE FROM _YEAR AGO_						
New York	+8.2%	+1.8%	+5.0%	+16.0%	+20.9%	+16.2%
National Average	+9.7%	+6.9%	+10.2%	+11.4%	+12.1%	+12.7%
% CHANGE FROM _TWO YEARS AGO_						
New York	+12.0%	+12.5%	+10.9%	+31.5%	+39.6%	+24.7%
National Average	+24.0%	+15.6%	+21.1%	+25.9%	+25.7%	+22.9%

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 sf	Effective sf	Free %	Asking sf	Effective sf	Free %	Asking sf	Effective sf	Free %	Asking sf	Effective sf	Free %	Asking sf	Effective sf	Free %	Asking sf	Effective sf	Free %
National	$30.44	$29.70	2.6%	$24.17	$23.53	2.7%	$5.93	$5.79	2.6%	$19.99	$19.74	1.3%	$16.20	$15.83	2.6%	$12.22	$11.94	2.6%
Northeast Region	47.00	46.15	2.0	26.99	26.33	2.5	7.50	7.35	2.1	24.33	24.08	1.0	25.76	25.42	1.4	17.32	17.08	1.3
Nassau-Suffolk																		
2 Q. '06	28.49	28.15	1.2	26.07	25.68	1.5	7.27	7.19	1.1	25.02	24.79	0.9	22.70	22.40	1.3	16.91	16.66	1.5
1 Q. '06	28.26	27.86	1.4	25.83	25.39	1.7	7.19	7.12	1.0	24.80	24.48	1.3	21.99	21.97	1.2	16.65	16.38	1.6
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
New York*																		
2 Q. '06	62.47	61.66	1.3	31.60	30.97	2.0	8.66	8.52	1.6	28.39	28.11	1.0	28.18	27.84	1.2	18.51	18.31	1.1
1 Q. '06	61.32	60.34	1.6	31.55	30.89	2.1	8.58	8.43	1.8	28.25	27.94	1.1	27.67	27.34	1.1	18.20	18.02	1.4
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	17.67	17.39	1.6
Manhattan Downtown**																		
2 Q. '06	41.86	41.02	2.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48.62	48.33	0.6	27.80	27.61	0.7
1 Q. '06	40.75	39.98	1.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46.90	46.57	0.7	27.43	27.21	0.8
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

Source: NREI *Rent 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 rent 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.

II. RENT FACTS & TRENDS

B. Rent Trends/Change in Rent Per Square Foot
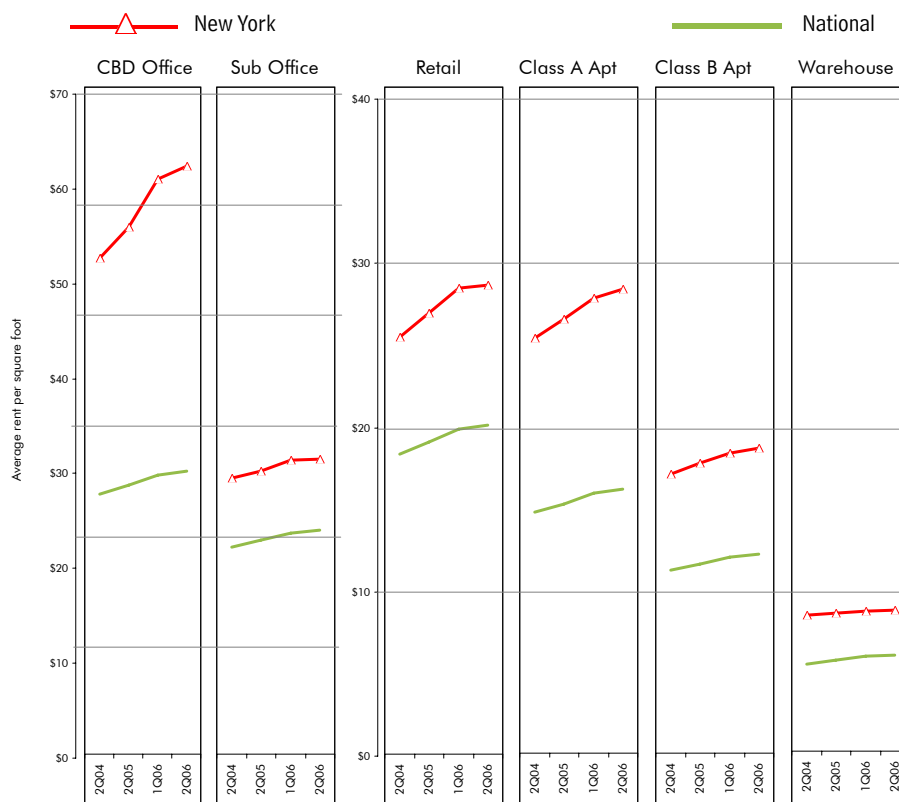
Source: NREI *Rent Monitor*.

C. Local Market Property Rent Rankings

2nd Qtr. 2006 - Rankings
(#1 is highest rank, #61 is lowest)

	CBD OFFICE	SUBURBAN OFFICE	WAREHOUSE	RETAIL	CLASS A APARTMENT	CLASS B APARTMENT
Manhattan Downtown/NYC	3	N/A	N/A	N/A	1	1
New York	1	3	2	3	2	4
Nassau-Suffolk	14	13	13	10	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 OFFICE	SUBURBAN OFFICE	WAREHOUSE	RETAIL	CLASS A APARTMENT	CLASS B APARTMENT
% CHANGE FROM QUARTER AGO						
New York	+2.2%	+0.3%	+1.1%	+0.6%	+1.8%	+1.6%
National Average	+1.3%	+1.3%	+1.2%	+1.2%	+1.5%	+1.6%
% CHANGE FROM YEAR AGO						
New York	+11.5%	+4.4%	+2.5%	+6.3%	+6.9%	+5.3%
National Average	+5.2%	+4.7%	+5.5%	+5.4%	+6.0%	+5.3%
% CHANGE FROM TWO YEARS AGO						
New York	+18.4%	+6.9%	+4.0%	+12.5%	+11.6%	+9.2%
National Average	+8.7%	+8.3%	+10.3%	+9.7%	+9.3%	+8.5%

III. INVENTORY/VACANCY/ ABSORPTION & SALES

A. Office—Manhattan

METRO SUBMARKETS	INVENTORY	VACANCY	ABSORPTION
Downtown	82,600,000	11.0%	1,430,000
Midtown	198,300,000	4.7%	210,000
Midtown South	73,600,000	5.6%	(70,000)
Market Total	354,500,000	6.4%	1,570,000

Reported as of second quarter 2006. Absorption is year-to-date.

Source: CB Richard Ellis (Manhattan).

B. Office—Long Island

METRO SUBMARKETS	INVENTORY	AVAILABILITY	ABSORPTION
Western Nassau	6,300,000	10.8%	141,000
Central Nassau	9,900,000	8.1%	5,400
Eastern Nassau	6,700,000	11.4%	(1,600)
Nassau County	23,000,000	12.5%	137,000
Western Suffolk	8,500,000	15.6%	(49,000)
Central Suffolk	6,900,000	14.5%	(205,000)
Suffolk County	15,400,000	17.1%	156,000
Market Total	38,300,000	12.8%	92,000

Reported as of second quarter 2006. 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	13.8%	(103,650)
East	11,000,000	21.1%	(220,570)
West	4,400,000	16.0%	33,250
North	8,100,000	9.8%	6,770
South	2,500,000	9.6%	38,380
Market Total	32,100,000	15.3%	(245,820)

Reported as of first quarter 2006 (the most recent data available). 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
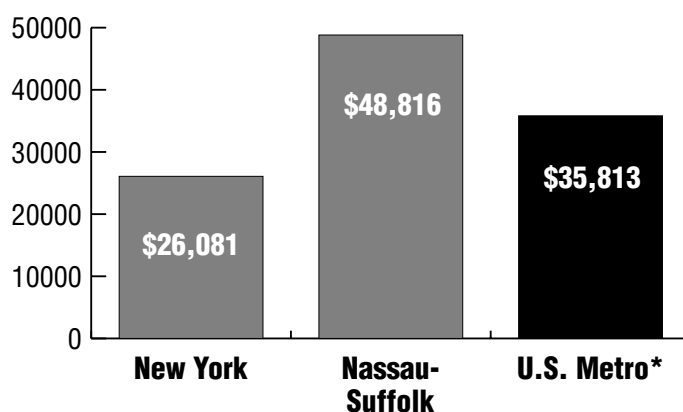
Market Rank**

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.

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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
CBD OFFICE									
New York	EXCELLENT	94	3	95	3	92	6	89	5
Northeast Region	GOOD	86		85		84		85	
National Median	AVERAGE	84		83		84		80	
SUBURBAN OFFICE									
New York	AVERAGE	81	44	84	33	88	6	89	6
Northeast Region	AVERAGE	82		81		83		82	
National Median	AVERAGE	84		84		83		81	
INDUSTRIAL									
New York	AVERAGE	84	24	87	14	86	7	88	8
Northeast Region	AVERAGE	80		80		80		81	
National Median	AVERAGE	84		84		83		82	
RETAIL									
New York	GOOD	89	12	88	18	86	21	89	11
Northeast Region	GOOD	87		88		86		88	
National Median	AVERAGE	85		85		83		84	
APARTMENT									
New York	GOOD	90	14	88	17	91	6	89	5
Northeast Region	AVERAGE	85		85		85		87	
National Median	GOOD	86		85		83		81	
HOSPITALITY									
New York	EXCELLENT	99	1	99	2	97	3	98	1
Northeast Region	AVERAGE	85		86		86		86	
National Median	GOOD	86		87		85		84	

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*

METRO: NEW YORK

REGION: NORTHEAST
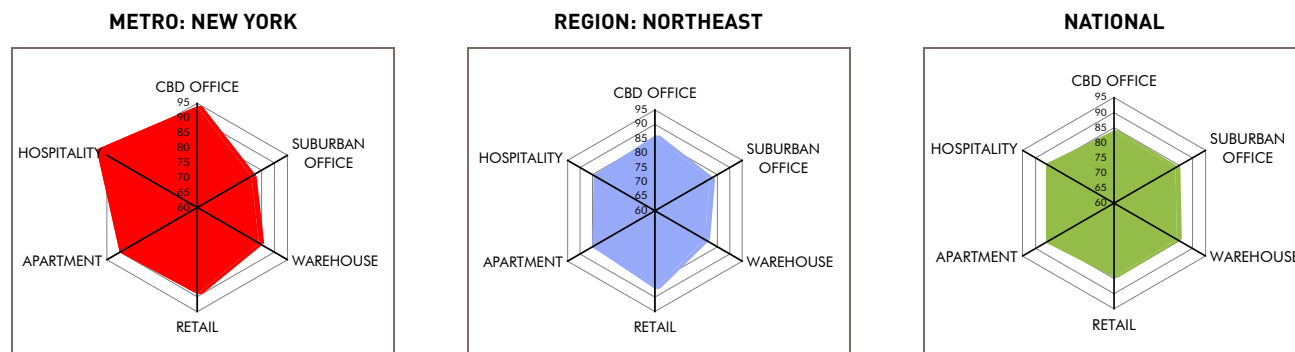
NATIONAL

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

△ Metro   — — Regional   — National

CBD OFFICE

SUBURBAN OFFICE

WAREHOUSE

RETAIL

APARTMENT

HOSPITALITY
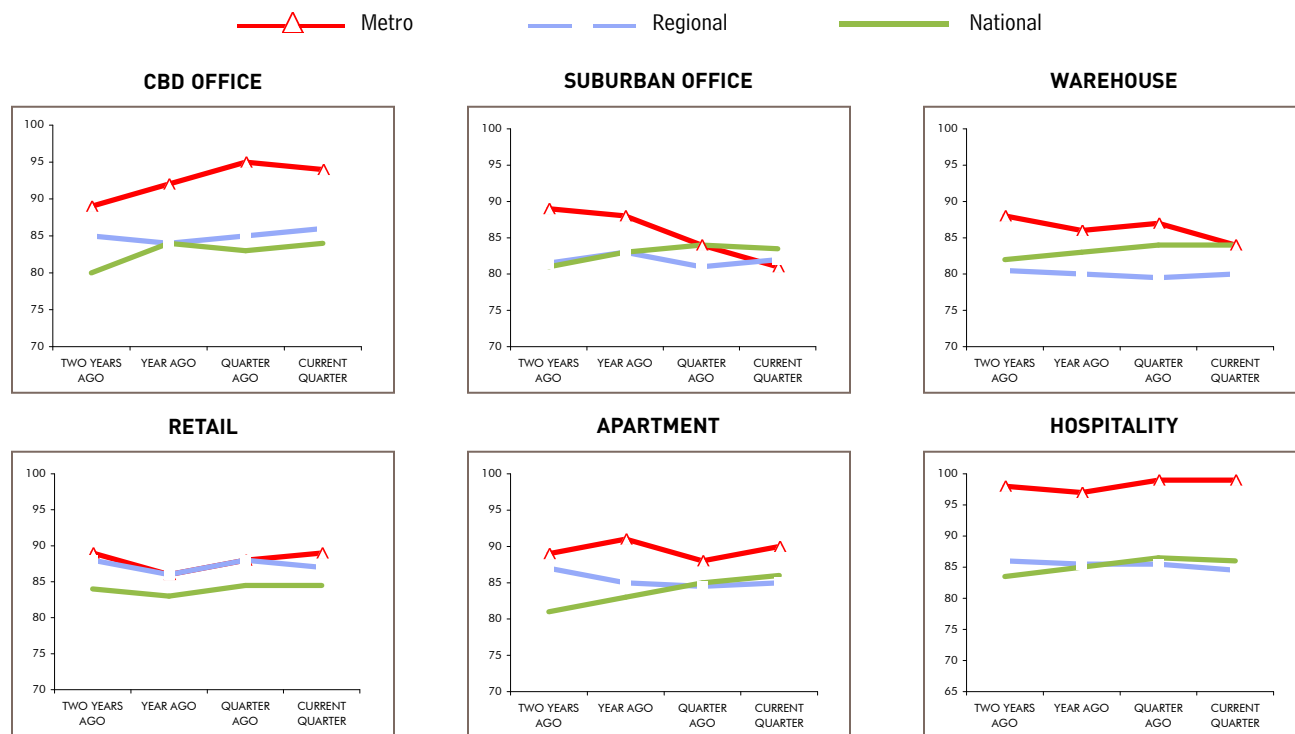
The six graphs shown above are Market•Scores corresponding to the noted property sector, market, and time period. Market•Score is a proprietary rating system developed in 1992 by Global Real Analytics to evaluate the relative economic strength of local property markets. Utilizing numerous real estate, 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

Absorption of CBD office space in Long Island has been extremely slow, but vacancy is tight. There is a sizable amount of construction in progress. Rents are increasing at rates well below the national average.

SUBURBAN OFFICE

Slowing employment growth has resulted in very sluggish absorption levels for suburban office space. Occupancy levels remain relatively high and rental rate momentum will likely stabilize.

WAREHOUSE

The overall vacancy rate for Long Island industrial properties is extremely high. Rents have sustained some increases. There is a moderate amount of new development that will bring on additional inventory soon. Absorption of current space has been slow.

RETAIL

Long Island retail rent growth has been very slow. Top-tier household income and spending are factors that help this market, though. Vacancy is very low , but growth is nearly non-existent with an abysmal employment picture and population numbers that do not seem to be rising.

APARTMENT

There is very little new inventory under construction, giving this market time to improve. Rents are increasing at rates slightly above the national level and the overall vacancy rate is reasonably good. There is little population or job growth to bolster this market.

*Reflects the Nassau-Suffolk market only.

Metro Market Facts

V. DEMOGRAPHICS

A.   Metro Population

	NEW YORK	NASSAU-SUFFOLK	UNITED STATES
Population — 2005:	11,482,600	2,808,100	296,410,400
% Growth—2000–2005:	1.6%	2.0%	5.3%
% Growth—1990–2000:	8.8%	5.8%	13.4%

Source: U.S. Census Bureau.

B.   County Population Growth

COUNTY	2005 POPULATION	% GROWTH 1990-2000	% GROWTH 2000-2005
New York			
Nassau	1,333,137	3.8	(0.1)
Suffolk	1,474,927	7.8	3.9
Bronx	1,357,589	10.9	1.9
Kings	2,486,235	7.2	0.8
New York	1,593,200	3.5	3.6
Putnam	100,507	14.5	5.0
Queens	2,241,600	14.3	0.5
Richmond	464,573	17.6	4.7
Rockland	292,916	8.3	2.1
Westchester	940,807	5.9	1.9
New Jersey			
Bergen	902,561	7.3	2.1
Hudson	603,521	10.2	(0.9)
Passaic	499,0607	4.3	2.0

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

	2005 POPULATION	ACTUAL % GROWTH 1990-2005	STATE RANKING*	PROJECTED % GROWTH 2005-2025	STATE RANKING*
New York	19,254,600	7.0	43	1.5	46
United States	296,410,400	19.1	N/A	17.9	N/A

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

Source: U.S. Census Bureau.

E. Area Cities With At Least 50,000 Residents

CITY	2004 POPULATION	% GROWTH 1990-2000	% GROWTH 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
Southhampton*	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.

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V. DEMOGRAPHICS

F.   Metropolitan % Population Gain (1990-2005)

POPULATION GROWTH
(% Gain/Loss, April 1990-July 2005)

Las Vegas	126.2%	Greenville-Spartanburg	22.8%
Phoenix	72.7	Miami	22.7
Austin	71.6	Central New Jersey	20.0
Atlanta	60.2	UNITED STATES	19.1
Raleigh-Durham	58.0	Oklahoma City	19.1
Orlando	57.8	Kansas City	19.0
Riverside-San Bernardino	51.0	Memphis	18.1
Charlotte	48.5	San Diego	17.4
Dallas-Ft. Worth	47.2	Oakland-East Bay	17.0
West Palm Beach	46.9	Chicago	15.4
Fort Lauderdale	41.6	San Jose	14.4
Denver	40.8	St. Louis	12.4
Houston	40.2	Cincinnati	12.2
Portland	37.5	Los Angeles	12.1
Salt Lake City	35.8	Baltimore	11.5
Nashville	35.7	New York	10.4
Sacramento	35.5	Newark-No. New Jersey	9.8
Jacksonville	34.9	Boston	9.5
Albuquerque	33.1	Honolulu	8.3
Tampa-St. Petersburg	28.0	Nassau-Suffolk	7.6
Indianapolis	26.8	Philadelphia	7.1
Washington	26.5	Detroit	6.6
Seattle	25.2	Milwaukee	6.3
Columbus	24.4	Hartford	5.7
Orange County	24.0	San Francisco	5.1
Minneapolis-St. Paul	23.8	Cleveland	1.1

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 June):	1.2%
Total Number of Net New Jobs, 12 Months (Ending in June):	63,100
% Unemployed, June 2006:	4.8%
% Unemployed, 12 Months Before:	5.1%

National

Employment Growth (Loss)—% 12-Month (Ending in June):	1.4%
% Unemployed, June 2006:	4.8%
% Unemployed, June 2005:	5.2%

Source: Bureau of Labor Statistics.

B.   Economic Base—Employment By Sectors

SECTOR	% GROWTH FROM PRIOR YEAR METRO	NATIONAL	% OF TOTAL EMPLOYMENT METRO	NATIONAL
Services	2.3	1.5	34.0	29.1
Business Services	1.7	2.8	15.1	12.8
Financial Activities	1.9	2.4	11.0	6.1
Government	0.1	0.8	15.1	16.0
Retail Trade	0.6	(0.3)	8.8	11.2
Wholesale Trade	0.7	1.8	4.7	4.3
Transportation/Public Utilities	0.3	1.5	3.6	3.7
Manufacturing	(3.8)	0.2	4.2	10.5
Construction & Mining	1.9	2.9	3.6	5.7

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 June):	0.6%
Total Number of Net New Jobs, 12 Months (Ending in June):	7,600
% Unemployed, June 2006:	3.9%
% Unemployed, 12 Months Before:	4.1%

National

Employment Growth (Loss)—% 12-Month (Ending in June):	1.4%
% Unemployed, June 2006:	4.8%
% Unemployed, June 2005:	5.2%

D.   Economic Base—Employment By Sectors

SECTOR	% GROWTH FROM PRIOR YEAR		% OF TOTAL EMPLOYMENT	
	METRO	NATIONAL	METRO	NATIONAL
Services	1.0	1.5	30.6	29.1
Business Services	1.4	2.8	12.9	12.8
Financial Activities	(0.5)	2.4	6.4	6.1
Government	0.7	0.8	16.1	16.0
Retail Trade	0.7	(0.3)	13.0	11.2
Wholesale Trade	(1.4)	1.8	5.6	4.3
Transportation/Public Utilities	1.6	1.5	3.0	3.7
Manufacturing	(1.1)	0.2	6.8	10.5
Construction & Mining	1.1	2.9	5.5	5.7

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, June 1996-June 2006)

Las Vegas	69.1%	Oklahoma City	14.7%
Riverside-San Bernardino	56.8	Portland	14.4
Phoenix	43.6	Baltimore	13.7
Orlando	42.2	Minneapolis-St. Paul	13.5
West Palm Beach	41.8	Nassau-Suffolk	13.0
Austin	32.7	UNITED STATES	13.0
Sacramento	31.8	Columbus	12.4
Fort Lauderdale	31.0	Honolulu	12.2
San Diego	29.1	Miami	11.8
Tampa-St. Petersburg	28.5	Cincinnati	11.3
Washington	27.9	Philadelphia	11.2
Orange County	27.0	Memphis	10.4
Jacksonville	24.3	New York	8.5
Salt Lake City	23.2	Newark-No. New Jersey	8.5
Raleigh-Durham	23.0	Greenville-Spartanburg	8.2
Charlotte	22.1	Kansas City	8.1
Dallas-Ft. Worth	22.0	Los Angeles	7.1
Houston	21.8	St. Louis	6.6
Atlanta	20.1	Boston	6.5
Central New Jersey	19.8	Hartford	3.9
Nashville	19.4	Milwaukee	3.8
Seattle	18.9	Chicago	3.7
Albuquerque	18.5	San Francisco	1.0
Denver	18.0	Cleveland	(1.1)
Oakland-East Bay	15.2	Detroit	(2.2)
Indianapolis	14.8	San Jose	(2.4)

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

VI. EMPLOYMENT AND LABOR FORCE CHARACTERISTICS

F. Average Annual Wages—Select Occupations

POSITION	METRO AVERAGE	% OF NATIONAL AVG.	NATIONAL AVERAGE
New York PMSA			
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
Nassau-Suffolk PMSA			
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 ANNUAL WAGE*	NATIONAL RANK (OUT OF 51)	% WORKERS IN UNION	NATIONAL RANK (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 RATING***	2004 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 WHO GRADUATED FROM HIGH SCHOOL	% OF ADULTS WHO GRADUATED FROM 4-YEAR COLLEGE/UNIVERSITY
New York Metro	80.7	34.0
Nassau-Suffolk	90.1	35.5
U.S. Average	84.2	27.2

Source: U.S. Census Bureau, 2005 American Community Survey.

B.   Graduate Education

Academic Rankings of Local Graduate Programs

UNIVERSITY	BIOLOGICAL SCIENCES	ENGINEERING	GENERAL SCIENCES/OTHER
Albert Einstein College of Medicine	Physiology (17)	--	--
Columbia	Biochemistry (11) Developmental Biology (19) Genetics (12) Neuroscience (6) Physiology (10)	Electrical (15)	Chemistry (7) Economics (12) Mathematics (10) Physics (12)
NYU	Pharmacology (14) Physiology (14)	--	Computer Science (17) Economics (17) Mathematics (8)
Rockefeller Univ.	Developmental Biology (2) 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 EXPENDITURES	RANK (OUT OF 51)	TEACHER SALARIES	RANK (OUT OF 51)	STUDENT: TEACHER RATIO	RANK (OUT OF 51)
New York	$12,879	3	$56,200	6	12.7	45
U.S. Average	$8,618	--	$47,808	--	15.6	--

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, Fall 2005 Update.

D.   University R&D Expenditures

	FEDERAL R&D EXPENDITURES ($$ IN MIL.)	% OF LEADING SCHOOL*	TOTAL R&D EXPENDITURES ($$ IN MIL.)	% OF LEADING 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

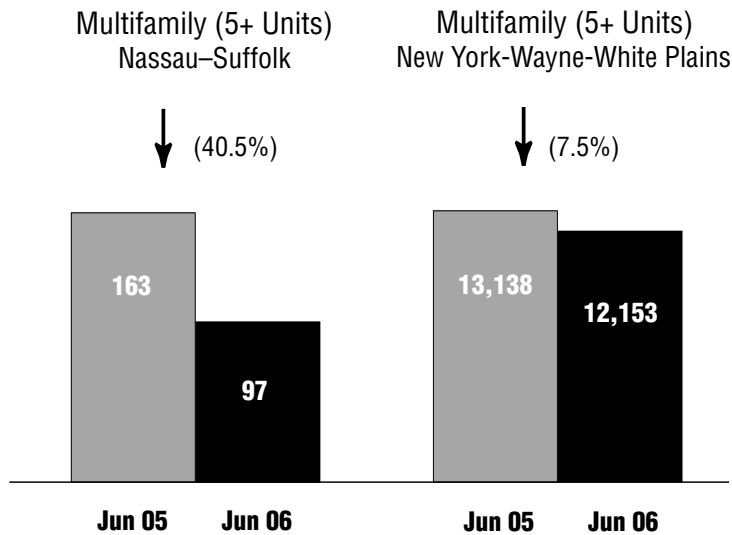## A.   Overall Cost of Living (Index)

Metropolitan Cost of Living Index*
(1st Qtr. 2006)
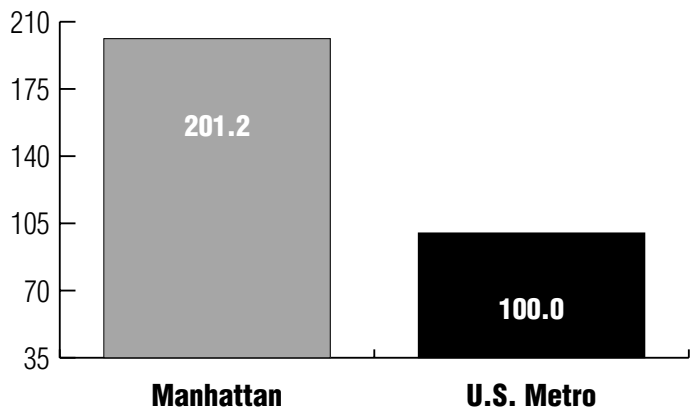
*The ACCRA Cost of Living Index measures relative prices for consumer goods and services in participating areas. Housing is an important component of the Index. The average for all participating areas is 100. Each area's number is read as a percentage of that average.

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

B.   Metropolitan Housing Permits

Multifamily (5+ Units)
Nassau–Suffolk

Multifamily (5+ Units)
New York-Wayne-White Plains

↓ (40.5%)

↓ (7.5%)

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 (7.5%) and 3.8%, respectively.

Source: U.S. Census Bureau.

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VIII. HOUSING & LIVING COSTS

C.   Homeownership

% of Households Owning Residences (2005)

New York — 55.9%
U.S. Metro — 67.4%
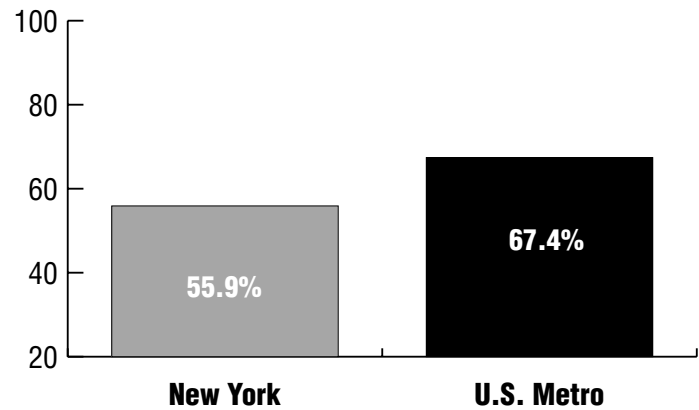
Source: U.S. Census Bureau. Homeownership rates represent metropolitan averages as of year-end 2005.

D.   Single Family Home Costs

Second Quarter 2006

Median
Home Price
(000s)

New York Metro — $549.2
Nassau-Suffolk Metro — $478.0
U.S. Metro — $227.5

% Change
From Year Before

New York Metro — 8.4%
Nassau-Suffolk Metro — 2.2%
U.S. Metro — 3.7%
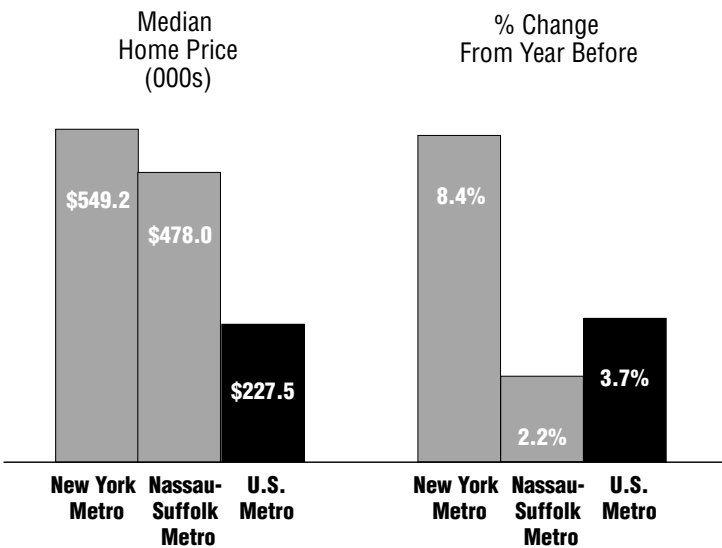
Source: National Association of Realtors®.

VIII. HOUSING & LIVING COSTS

E.   Local Utility Costs

	COMMERCIAL ELECTRIC (10,000 KWH PER MO.)	INDUSTRIAL ELECTRIC (650,000 KWH PER MO.)	RESIDENTIAL TOTAL (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 BY HEALTH INSURANCE	RANK (OUT OF 51)	ANNUAL PER CAPITA HEALTH CARE EXPENDITURES	RANK (OUT OF 51)
New York State	85.8	26	$4,994	3
U.S.	84.3	--	$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 (2004). Health Care Expenditures: Centers for Medicare and Medicaid Services (2000).

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IX. OTHER ECONOMIC INDICATORS

A.   Metropolitan Median Household Income
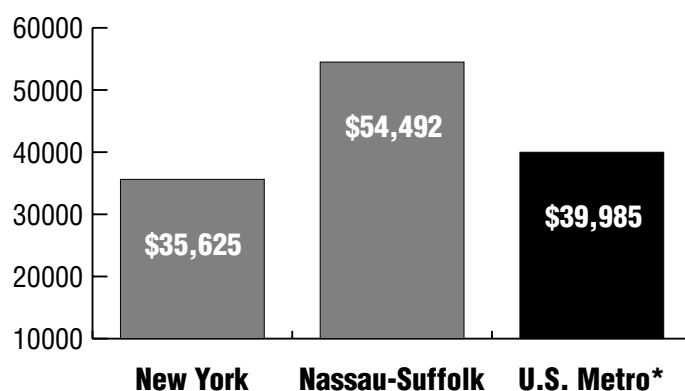
Market Rank**

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 ESTABLISHMENTS (2001)	RANK (OUT OF 51)	NUMBER OF EMPLOYEES (2002)	RANK (OUT OF 51)	HIGH-TECH EMPLOYMENT GROWTH (2001-2002)	RANK (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)
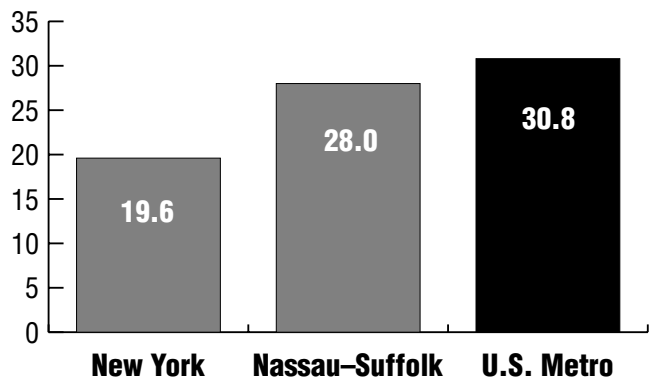
	Market Rank*
New York	40
Nassau-Suffolk	31

*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 (2005)	% CHANGE FROM 2004	NATIONAL RANK*	WORLD RANK*
JFK INTERNATIONAL				
Passengers (in millions)	40.6	8.2%	8	15
Cargo (in thousands –metric tons)	1,649.1	(3.3%)	6	14
LA GUARDIA				
Passengers (in millions)	25.8	5.6%	21	40
Cargo (in thousands –metric tons)	23.9	(10.4%)	80	242

*Ranking of 142 national and 843 international airports, with the #1 ranking representing the largest number of passengers and the largest amount of cargo.

Source: Airports Council International, Geneva, Switzerland.

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IX. OTHER ECONOMIC INDICATORS

E.   International Trade

International Trade Volume

	IMPORT	EXPORT	TOTAL
New York **(Part of the New York, NY Customs District)**			
January-June 2006 ($$$ in billions)	$92.1	$51.0	$143.1
% Change (from year ago)	10.6%	14.6%	12.0%
Total U.S			
January-June 2006 ($$$ in billions)	$900.5	$506.2	$1,406.7
% Change (from year ago)	13.5%	13.8%	13.6%

Source: Dept. of Commerce, Foreign Trade Division.

F.   Gross State Product

	1995	2005	% CHANGE 1995-2005
New York Ranking* (out of 51)	2	2	--
New York Total ($$$ in billions)	$640.1	$867.1	35.5%
U.S. Total ($$$ in billions)	$7,784.2	$11,035.6	41.8%

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

Note: The real estimates of Gross State Product (GSP) are measured in chained (2000) dollars. Real GSP is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state.

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

IX. OTHER ECONOMIC INDICATORS

G. Gross Metropolitan Product

GMP
($$ in billions)

	2004	RANK (OUT OF 100)	% CHANGE (FROM 2003)
New York- Northern NJ- Long Island	$901.3	1	6.6%

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

Source: U.S. Conference of Mayors.

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X. TAXES AND EXPENDITURES

A.   State Tax Rates/Employer Expenses

TAX	RATE
Business Taxes:	
Corporate Income/Franchise	7.5%
Unemployment Insurance	4.1%
Individual Taxes:	
Sales/Use	4.00%
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* (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** (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 TAX	RESTAURANT TAX	CAR RENTAL TAX*
New York	13.25%	8.25%	8.25%
Average of 50 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 2005-Mar. 2006
($$ in millions)

	PERSONAL INCOME	CORPORATE INCOME	SALES	TOTAL*	% CHANGE FROM YEAR AGO
New York	$24,016	$2,827	$7,997	$39,974	4.7%
U.S.	$165,329	$29,254	$157,320	$425,278	7.8%

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 FEDERAL SPENDING	NATIONAL RANK*	% CHANGE FROM YEAR AGO
New York	**$7,484**	**23**	**4.2%**
Nassau County	$6,008	--	4.6%
New York City & County**	$7,861	--	12.9%
Suffolk County	$5,862	--	3.6%
Westchester County	$5,657	--	3.2%
U.S. Average	$7,223	--	4.5%

*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 2004.

XI. QUALITY OF LIFE

A.   State Livability Index

	2005 INDEX 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—2004

	VIOLENT	% CHANGE FROM 2003	PROPERTY	% CHANGE FROM 2003
New York-Wayne-White Plains	582.6	(5.5)	2,092.2	(2.9)
U.S. Metro Average	465.5	(9.9)	3,517.1	(7.0)

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

Local Metro*

U.S. Average

Local Metro* pie chart:
- 56.3% Drive Alone
- 24.9% Public Transit
- 9.4% Carpool
- 6.5% Other Means
- 3.0% Work at Home

U.S. Average pie chart:
- 75.7% Drive Alone
- 12.2% Carpool
- 4.7% Public Transit
- 4.1% Other Means
- 3.3% Work at Home
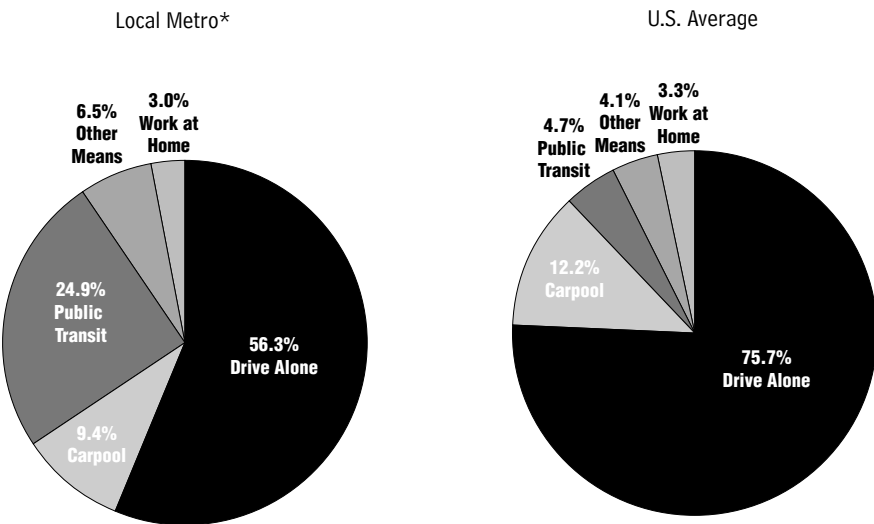
*Data is for the New York-Northern New Jersey-Long Island CMSA.

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

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XI. QUALITY OF LIFE

E. Congestion Index

	CONGESTION COST TOTAL ($$ IN MILLIONS)	CONGESTION COST PER PEAK TRAVELER	WASTED FUEL PER PEAK TRAVELER (GALLONS)	DELAY PER PEAK TRAVELER (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

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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) 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

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Other Metro Market Outlook Reports Available

Albuquerque	Honolulu	Orlando
Atlanta	Houston	Philadelphia
Austin	Indianapolis	Phoenix
Baltimore	Jacksonville	Portland
Boston	Kansas City	Raleigh-Durham
Central New Jersey	Las Vegas	Riverside-San Bernardino
Charlotte	Los Angeles	Sacramento
Chicago	Memphis	Salt Lake City
Cincinnati	Miami	San Diego
Cleveland	Milwaukee	San Francisco
Columbus	Minneapolis-St. Paul	San Jose
Dallas-Ft. Worth	Nashville	Seattle
Denver	Newark-No. New Jersey	St. Louis
Detroit	New York-Nassau Suffolk	Tampa-St. Petersburg
Fort Lauderdale	Oakland-East Bay	Washington, D.C.
Greenville-Spartanburg	Oklahoma City	West Palm Beach
Hartford	Orange County	