

New York

**Vol. 51
THIRD QUARTER 2006**

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. 51

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:

<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

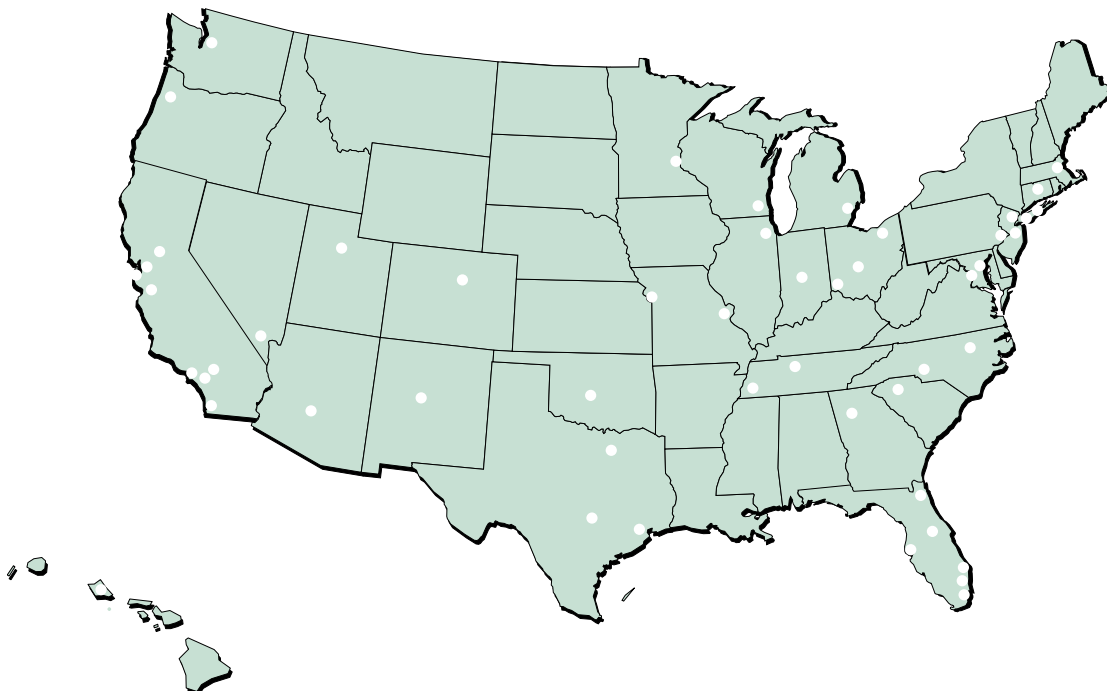
Boston
Hartford
New York/Nassau-Suffolk
Northern New Jersey

EAST CENTRAL

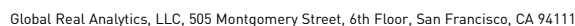
Cincinnati
Cleveland
Columbus
Detroit
Indianapolis

WEST CENTRAL

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



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 \$42.46 per square foot effective rent for Class A office, which is 3.5% higher than last quarter and 12.4% higher than last year. This metro has a \$455.20 per square foot average price for CBD office, which is 6.1% higher than last quarter and 15.4% higher than last year. The metro has a 9.9% CBD office vacancy rate, which is 1.1% lower than last quarter and 2.7% lower than last year.

Manhattan Midtown's office sector has a \$64.30 per square foot effective rent for Class A office, which is 3.5% higher than last quarter and 14.4% higher than last year. This metro has a \$659.90 per square foot average price for CBD office, which is 4.2% higher than last quarter and 22.7% higher than last year. The metro has a 4.2% CBD office vacancy rate, which is 0.5% lower than last quarter.

SUBURBAN OFFICE

The metro of New York has a \$31.36 per square foot effective rent for Class A suburban office, which is 1.3% higher than last quarter and 5.0% lower than last year. This metro has a \$252.42 per square foot average price for suburban office, which is 2.0% higher than last quarter and 3.5% higher than last year.

WAREHOUSE

The metro of New York has an \$8.58 per square foot effective rent for warehouse, which is 0.7% higher than last quarter and 3.5% higher than last year. This metro has an \$80.55 per square foot average price for warehouse, which is 2.9% higher than last quarter and 11.0% higher than last year.

RETAIL

The metro of New York has a \$28.59 per square foot effective rent for Class A unenclosed shopping centers, which is 0.9% higher than last quarter and 6.6% higher than last year. This metro has a \$258.66 per square foot average price for shopping centers, which is 1.9% higher than last quarter and 14.5% higher than last year.

APARTMENT

The metro of New York has a \$28.25 per square foot effective rent for Class A apartments, which is 1.5% higher than last quarter and 7.0% higher than last year. This metro has a \$237.00 per square foot average price for apartments, which is 1.5% higher than last quarter and 18.4% 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	\$293.20	6.5%	\$214.84	6.8%	\$60.85	7.2%	\$181.84	6.9%	\$149.52	6.1%	\$97.73	6.9%
Northeast Region	473.61	5.6	239.70	7.0	72.48	7.2	205.26	7.1	209.10	6.2	121.34	6.9
Manhattan Downtown*												
3 Q. '06	455.20	5.0	n/a	n/a	n/a	n/a	n/a	n/a	555.81	5.5	240.72	6.4
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
3 Q. '05	394.40	5.5	n/a	n/a	n/a	n/a	n/a	n/a	506.35	5.6	202.80	7.2
New York**												
3 Q. '06	659.90	5.0	252.42	7.1	80.55	7.6	258.66	6.9	237.00	6.5	126.77	7.5
2 Q. '06	633.25	5.1	247.40	7.2	78.26	7.8	253.81	7.0	233.56	6.5	123.57	7.6
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	8.3
Nassau-Suffolk												
3 Q. '06	239.48	6.4	241.85	5.8	70.61	6.6	213.78	6.7	182.68	7.0	117.20	7.3
2 Q. '06	227.65	6.7	235.72	5.9	69.04	6.7	207.80	6.8	177.45	7.1	112.67	7.5
3 Q. '05	202.03	7.5	195.56	7.0	63.63	7.1	187.52	7.2	155.98	7.8	99.06	8.1



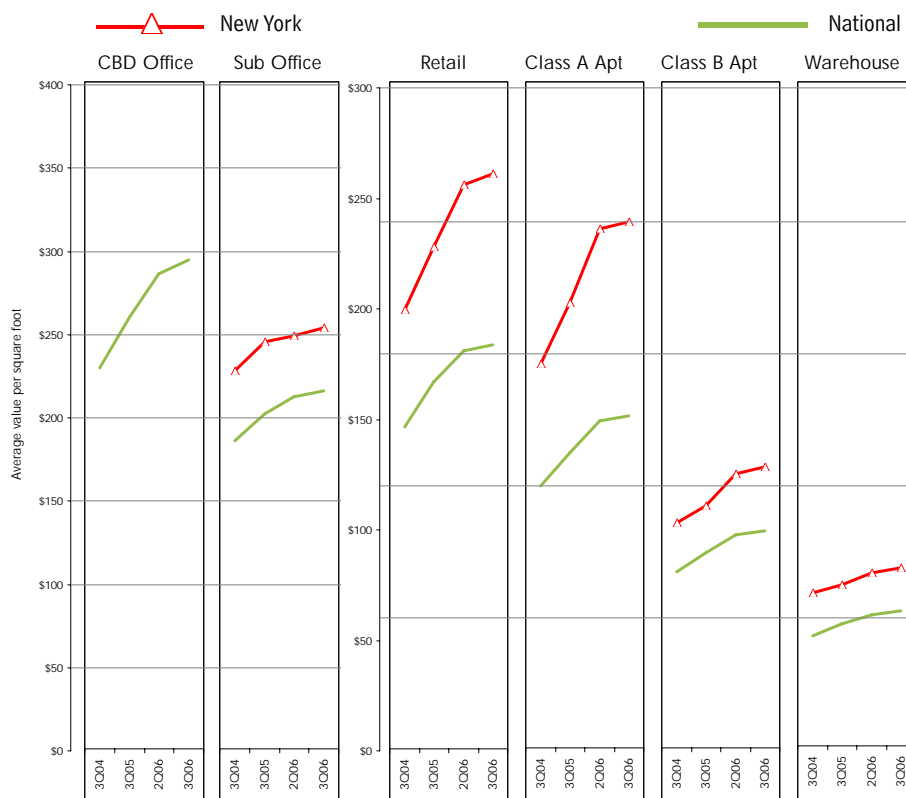
Source: NREI Value Monitor.

*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
<u>Manhattan Downtown</u>		Class B Warehouse	\$52.29
Class B CBD Office	\$258.22	Class C Warehouse	35.19
Class C CBD Office	216.41	Class D Warehouse	21.42
<u>Manhattan Midtown</u>		Class A Self-Storage	173.95
Class B CBD Office	\$341.65	Class B/C Self-Storage	106.42
Class C CBD Office	254.39	Class A Flex/Business Campus	146.12
<u>New York</u>		Class B Flex/Business Campus	96.18
Class B Suburban Office	\$157.66	Class C Flex/Business Campus	52.92
Class C Suburban Office	102.10		

Source: NREI Value Monitor.

I. VALUE FACTS & TRENDS

D. Local Market Property Value Rankings

3rd 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	5	11
Nassau- Suffolk	16	14	15	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 <u>QUARTER AGO</u>						
New York	+4.2%	+2.0%	+2.9%	+1.9%	+1.5%	+2.6%
National Average	+2.9%	+1.8%	+2.7%	+1.7%	+1.4%	+1.7%
% CHANGE FROM <u>YEAR AGO</u>						
New York	+22.6%	+3.5%	+11.0%	+14.5%	+18.4%	+16.2%
National Average	+13.1%	+6.8%	+10.4%	+10.1%	+12.4%	+11.3%
% CHANGE FROM <u>TWO YEARS AGO</u>						
New York	+29.6%	+11.4%	+16.8%	+31.0%	+37.2%	+24.8%
National Average	+28.5%	+16.2%	+22.9%	+25.5%	+26.8%	+23.1%

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	\$31.07	\$30.42	2.3%	\$24.50	\$23.89	2.6%	\$6.04	\$5.90	2.6%	\$20.22	\$19.95	1.4%	\$16.51	\$16.19	2.3%	\$12.38	\$12.12	2.5%
Northeast Region	49.24	48.51	1.7	27.27	26.63	2.4	7.58	7.44	1.9	24.71	24.45	1.1	26.05	25.77	1.1	17.48	17.27	1.2
Nassau-Suffolk																		
3 Q. '06	29.16	28.78	1.3	26.66	26.23	1.6	7.39	7.30	1.2	25.76	25.58	0.7	22.99	22.74	1.1	17.10	16.88	1.3
2 Q. '06	28.73	28.39	1.2	26.22	25.77	1.7	7.27	7.19	1.1	25.12	24.89	0.9	22.70	22.40	1.3	16.93	16.66	1.6
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
New York*																		
3 Q. '06	64.95	64.30	1.0	32.00	31.36	2.0	8.71	8.58	1.5	28.91	28.59	1.1	28.48	28.25	0.8	18.71	18.54	0.9
2 Q. '06	62.96	62.14	1.3	31.60	30.97	2.0	8.66	8.52	1.6	28.61	28.32	1.0	28.18	27.84	1.2	18.51	18.31	1.1
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	26.79	26.39	1.5	17.86	17.56	1.7
Manhattan Downtown**																		
3 Q. '06	43.24	42.46	1.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	49.31	49.06	0.5	28.29	28.15	0.5
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
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



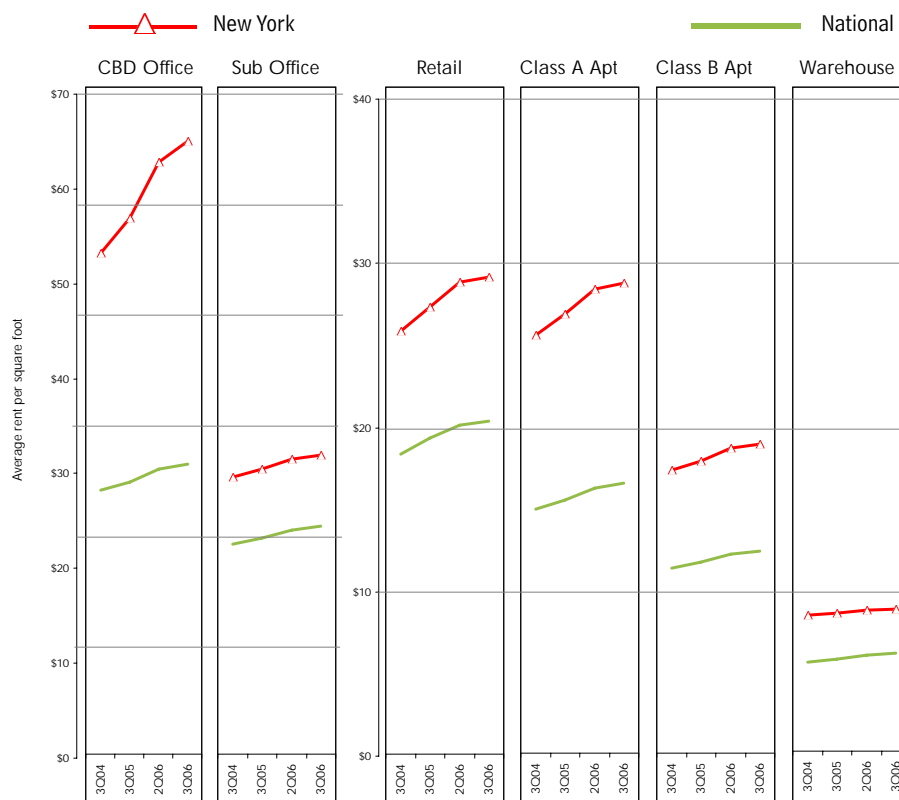
Source: NREI Rent Monitor.

*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

3rd 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	4	N/A	N/A	N/A	1	1
New York	1	3	3	3	3	4
Nassau- Suffolk	14	13	13	10	10	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 <u>QUARTER AGO</u>						
New York	+3.5%	+1.3%	+0.7%	+1.0%	+1.5%	+1.3%
National Average	+1.8%	+1.5%	+1.5%	+1.1%	+1.6%	+1.3%
% CHANGE FROM <u>YEAR AGO</u>						
New York	+14.4%	+5.0%	+3.5%	+6.6%	+7.0%	+5.6%
National Average	+6.7%	+5.4%	+6.1%	+5.2%	+6.7%	+5.9%
% CHANGE FROM <u>TWO YEARS AGO</u>						
New York	+22.4%	+7.9%	+4.4%	+12.8%	+12.4%	+9.1%
National Average	+9.9%	+8.5%	+10.3%	+10.8%	+10.7%	+9.2%

III. INVENTORY/VACANCY/ ABSORPTION & SALES

A. Office—Manhattan

METRO SUBMARKETS	INVENTORY	VACANCY	ABSORPTION
Downtown	82,600,000	9.9%	2,250,000
Midtown	198,300,000	4.7%	920,000
Midtown South	73,600,000	5.6%	120,000
Market Total	354,500,000	6.4%	3,290,000

Reported as of third 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 first quarter 2006 (the most recent data available). 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

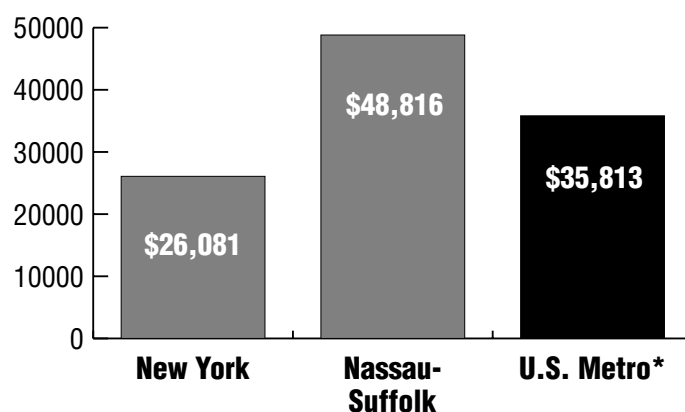
Metropolitan Retail Sales -- % Change from Prior Year
(August 2005)

	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.

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	97	1	94	3	95	1	92	2
Northeast Region	AVERAGE	85		86		83		85	
National Median	AVERAGE	83		84		83		80	
SUBURBAN OFFICE									
New York	AVERAGE	81	42	81	44	85	18	92	2
Northeast Region	AVERAGE	82		82		82		82	
National Median	AVERAGE	84		84		82		80	
INDUSTRIAL									
New York	AVERAGE	85	24	84	24	84	25	88	6
Northeast Region	AVERAGE	79		80		81		81	
National Median	AVERAGE	84		84		84		82	
RETAIL									
New York	GOOD	89	8	89	12	87	21	89	8
Northeast Region	GOOD	87		87		87		88	
National Median	AVERAGE	85		85		83		83	
APARTMENT									
New York	GOOD	92	6	90	14	89	11	90	3
Northeast Region	AVERAGE	85		85		83		86	
National Median	GOOD	86		86		84		82	
HOSPITALITY									
New York	EXCELLENT	98	1	99	1	98	1	98	1
Northeast Region	AVERAGE	85		85		86		87	
National Median	GOOD	86		86		86		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.

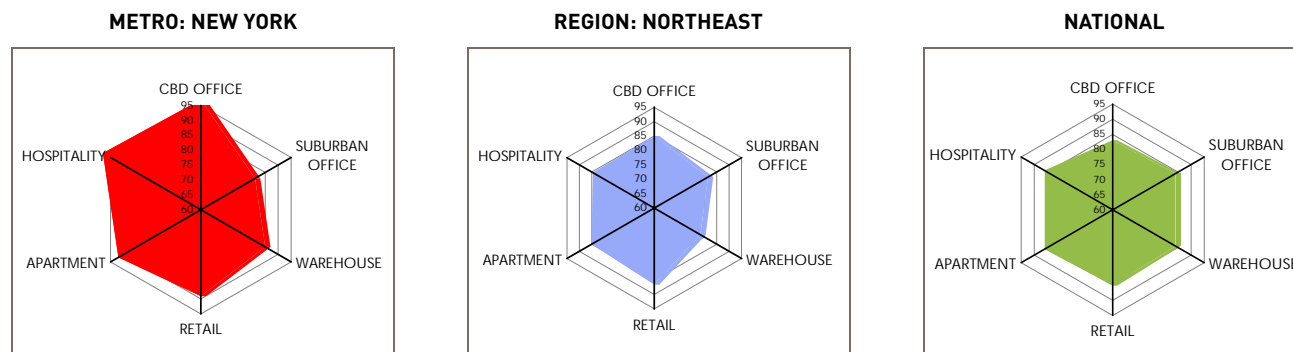
*INVESTMENT POTENTIAL

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



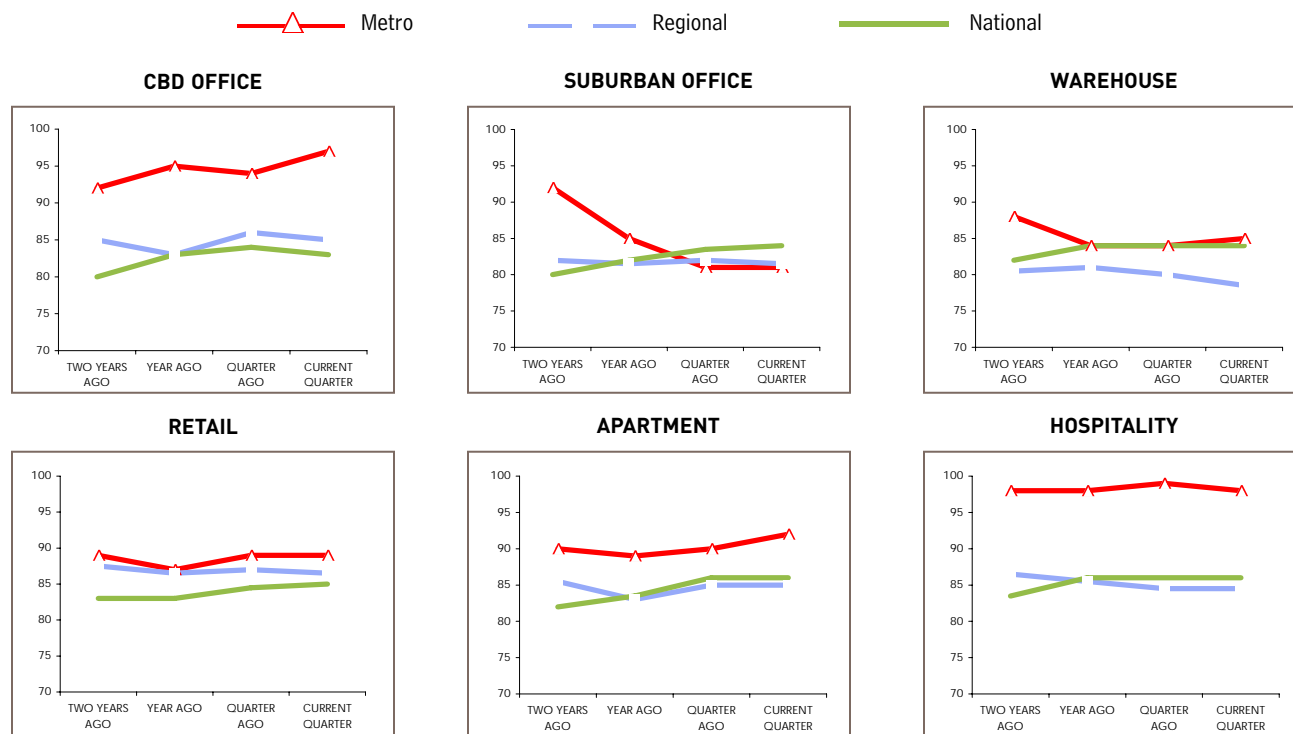
IV. MARKET FORECAST

B. Current Market•Scores



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 levels remain high, although lagging employment growth has not created sufficient demand for office space. Development has been active, but low levels of absorption have slowed rental rate growth momentum.

SUBURBAN OFFICE

Little measurable new development and above average vacancy rates have provided a foundation for the recent upward trend in rental rates. Absorption remains very sluggish.

WAREHOUSE

Rents continue their upward trend while vacancy remains very high and absorption is weak. There is some new development activity that could dampen future market prospects.

RETAIL

Long Island reports very weak job and population growth. The retail inventory per household is slightly better than the national average. Income and household spending are superior. Occupancy rates are good. Rent increases lag behind most of the nation.

APARTMENT

Rent increases reported recently are some of the best in the nation. Vacancy rates are better than most markets. There is little new inventory in the planning stages. However, there is little job or population growth to provide the impetus for a further boost to the market recovery.

*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
<u>New York</u>			
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
<u>New Jersey</u>			
Bergen	902,561	7.3	2.1
Hudson	603,521	10.2	(0.9)
Passaic	499,060	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	2005 POPULATION	% GROWTH 1990-2000	% GROWTH 2000-2005
Babylon*	216,230	5.1	1.7
Bayonne	59,987	0.6	(3.0)
Brookhaven*	472,122	10.3	4.9
Clifton	79,922	9.9	1.0
Greenburgh*	89,514	3.8	2.6
Hempstead*	751,276	4.4	(0.7)
Huntington*	198,621	2.2	1.5
Islip*	329,580	7.9	1.9
Jersey City	239,614	5.1	(0.2)
Mt. Vernon	67,924	2.2	(0.8)
New Rochelle	72,967	7.3	0.9
New York	8,143,197	9.5	1.6
North Bergen*	57,691	21.2	(1.0)
North Hempstead*	222,975	4.3	0.9
Oyster Bay*	296,917	1.1	0.1
Passaic	68,338	15.8	0.6
Paterson	149,843	(5.5)	0.3
Smithtown*	119,088	2.3	2.7
Southampton*	58,756	22.2	6.7
Union City	65,128	15.5	(2.9)
Wayne*	55,150	15.2	1.8
White Plains	56,733	9.4	6.4
Yonkers	196,425	4.4	0.0

*These communities are technically defined as townships.

Source: U.S. Census Bureau.

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: (2000-2005)

	(000s)		(000s)
New York/Nassau-Suffolk	720.9	Las Vegas	52.9
Los Angeles	506.0	Sacramento	50.7
Chicago	307.0	Orlando	50.7
Dallas-Ft. Worth	232.2	Austin	47.2
Houston	210.4	Tampa-St. Petersburg	47.0
Miami	208.9	Raleigh-Durham	44.6
Washington	200.0	West Palm Beach	41.3
Atlanta	144.6	Charlotte	33.8
Orange County	140.9	Salt Lake City	31.7
Phoenix	134.4	Baltimore	27.6
Boston	132.8	Columbus	24.4
San Jose	129.0	Honolulu	23.6
Oakland-East Bay	107.6	Kansas City	23.5
San Diego	91.7	St. Louis	22.3
San Francisco	91.1	Nashville	20.3
Seattle	86.0	Hartford	20.2
Denver	82.6	Milwaukee	20.0
Central New Jersey	82.1	Cleveland	19.5
Fort Lauderdale	82.0	Oklahoma City	16.9
Riverside-San Bernardino	79.3	Indianapolis	16.6
Philadelphia	75.8	Cincinnati	14.0
Newark-No. New Jersey	74.5	Jacksonville	11.5
Detroit	72.3	Greenville-Spartanburg	11.4
Minneapolis-St. Paul	58.1	Albuquerque	11.2
Portland	55.3	Memphis	10.8

Source: U.S. Census Bureau.

V. DEMOGRAPHICS

H. Domestic Migration to Metropolitan Areas

TOTAL DOMESTIC MIGRATION: (2000-2005)

	(000s)		(000s)
Riverside-San Bernardino	412.5	Memphis	(0.9)
Phoenix	301.2	Baltimore	(5.5)
Las Vegas	219.1	Cincinnati	(10.7)
Tampa-St. Petersburg	201.7	Minneapolis-St. Paul	(16.1)
Atlanta	185.6	Denver	(19.3)
Orlando	178.1	St. Louis	(21.1)
Sacramento	129.4	Honolulu	(29.5)
Dallas-Ft. Worth	100.2	Seattle	(31.5)
Charlotte	95.7	Washington	(40.2)
West Palm Beach	90.8	Salt Lake City	(41.1)
Jacksonville	82.3	Milwaukee	(48.9)
Austin	74.9	Philadelphia	(51.9)
Raleigh-Durham	74.8	Cleveland	(71.2)
Houston	62.9	Newark-No. New Jersey	(82.1)
Portland	47.9	San Diego	(97.5)
Nashville	46.8	Oakland-East Bay	(125.5)
Fort Lauderdale	36.6	Orange County	(141.4)
Indianapolis	36.1	Detroit	(146.2)
Albuquerque	27.7	Miami	(168.5)
Kansas City	17.1	San Francisco	(177.0)
Greenville-Spartanburg	16.0	San Jose	(203.8)
Oklahoma City	8.3	Boston	(223.0)
Columbus	5.6	Chicago	(342.7)
Central New Jersey	5.0	Los Angeles	(562.4)
Hartford	1.8	New York/Nassau-Suffolk	(1079.3)

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):	55,000
% Unemployed, September 2006:	4.5%
% Unemployed, 12 Months Before:	5.4%

National

Employment Growth (Loss)—% 12-Month (Ending in September):	1.4%
% Unemployed, September 2006:	4.4%
% Unemployed, September 2005:	4.8%



Source: Bureau of Labor Statistics.

B. Economic Base—Employment By Sectors

SECTOR	% GROWTH FROM PRIOR YEAR		% OF TOTAL EMPLOYMENT	
	METRO	NATIONAL	METRO	NATIONAL
Services	1.7	1.8	34.0	29.0
Business Services	1.3	2.4	15.1	12.9
Financial Activities	1.9	2.4	11.1	6.1
Government	0.7	0.9	14.7	16.1
Retail Trade	0.9	(0.5)	8.8	11.1
Wholesale Trade	0.3	1.8	4.8	4.3
Transportation/Public Utilities	0.8	1.7	3.6	3.7
Manufacturing	(4.0)	0.2	4.2	10.5
Construction & Mining	1.3	2.5	3.7	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 September):	0.2%
Total Number of Net New Jobs, 12 Months (Ending in September):	3,000
% Unemployed, September 2006:	3.8%
% Unemployed, 12 Months Before:	4.1%

National

Employment Growth (Loss)—% 12-Month (Ending in September):	1.4%
% Unemployed, September 2006:	4.4%
% Unemployed, September 2005:	4.8%



D. Economic Base—Employment By Sectors

SECTOR	% GROWTH FROM PRIOR YEAR		% OF TOTAL EMPLOYMENT	
	METRO	NATIONAL	METRO	NATIONAL
Services	0.6	1.8	30.7	29.0
Business Services	1.6	2.4	13.2	12.9
Financial Activities	(1.5)	2.4	6.5	6.1
Government	0.7	0.9	15.5	16.1
Retail Trade	(0.1)	(0.5)	12.9	11.1
Wholesale Trade	(0.4)	1.8	5.8	4.3
Transportation/Public Utilities	(1.9)	1.7	3.0	3.7
Manufacturing	(1.5)	0.2	6.9	10.5
Construction & Mining	0.7	2.5	5.6	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

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

JOB GROWTH

(% Gain/Loss, September 1996-September 2006)

Las Vegas	67.0	Honolulu	14.8
Riverside-San Bernardino	55.5	Oakland-East Bay	14.8
Phoenix	43.5	Portland	13.4
West Palm Beach	42.7	Baltimore	13.3
Orlando	41.9	Miami	13.0
Fort Lauderdale	32.0	Columbus	12.9
Austin	31.7	Minneapolis-St. Paul	12.7
Sacramento	31.2	UNITED STATES	12.7
Tampa-St. Petersburg	29.2	Nassau-Suffolk	12.6
San Diego	28.8	Cincinnati	11.6
Washington	27.5	Philadelphia	11.5
Orange County	26.9	Memphis	10.0
Raleigh-Durham	24.1	Newark-No. New Jersey	8.6
Jacksonville	23.8	New York	8.5
Salt Lake City	23.7	Greenville-Spartanburg	7.4
Houston	22.8	Kansas City	6.8
Charlotte	22.6	Los Angeles	6.7
Atlanta	21.4	St. Louis	6.1
Dallas-Ft. Worth	21.2	Boston	5.8
Central New Jersey	20.2	Chicago	4.0
Nashville	19.7	Hartford	3.4
Albuquerque	19.1	Milwaukee	3.0
Seattle	17.6	San Francisco	0.8
Denver	17.0	Cleveland	(0.6)
Indianapolis	15.5	San Jose	(2.1)
Oklahoma City	15.1	Detroit	(3.7)

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
<u>New York PMSA</u>			
Accountant	\$72,560	125.1%	\$58,020
Secretary	\$32,950	118.6%	\$27,780
Computer Systems Analyst	\$78,240	111.1%	\$70,430
Computer Programmer	\$74,850	111.1%	\$67,400
Electrical Engineer	\$81,600	107.3%	\$76,060
Machinist	\$36,110	102.1%	\$35,350
<u>Nassau-Suffolk PMSA</u>			
Accountant	\$69,020	119.0%	\$58,020
Secretary	\$30,620	110.2%	\$27,780
Computer Systems Analyst	\$72,600	103.1%	\$70,430
Computer Programmer	\$65,180	96.7%	\$67,400
Electrical Engineer	\$87,140	114.6%	\$76,060
Machinist	\$40,670	115.0%	\$35,350

Source: Bureau of Labor Statistics, Occupational Employment Statistics, May 2005.

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

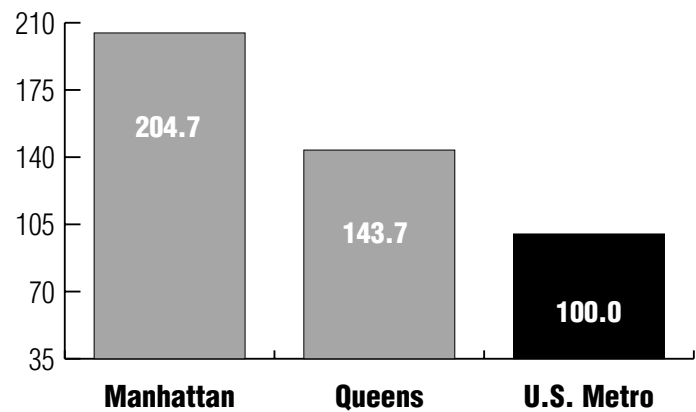
*The percentage column reflects the amount spent by the local institution(s) relative to the amount expended at the top spending institution in each of the two categories.

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)

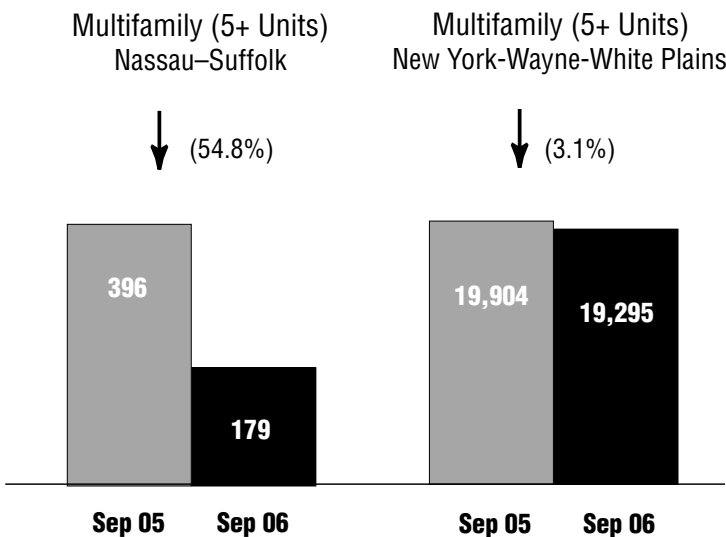
Metropolitan Cost of Living Index*
(2nd Qtr. 2006)



*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



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

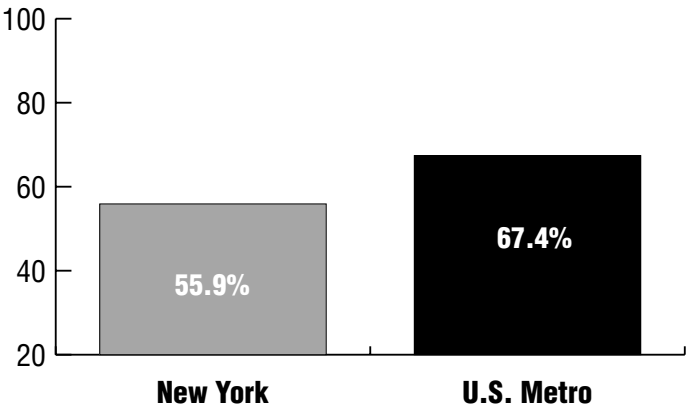
U.S. Data: The percent changes in single-family and multifamily permits nationwide were (14.1%) and (0.3%), respectively.

Source: U.S. Census Bureau.

VIII. HOUSING & LIVING COSTS

C. Homeownership

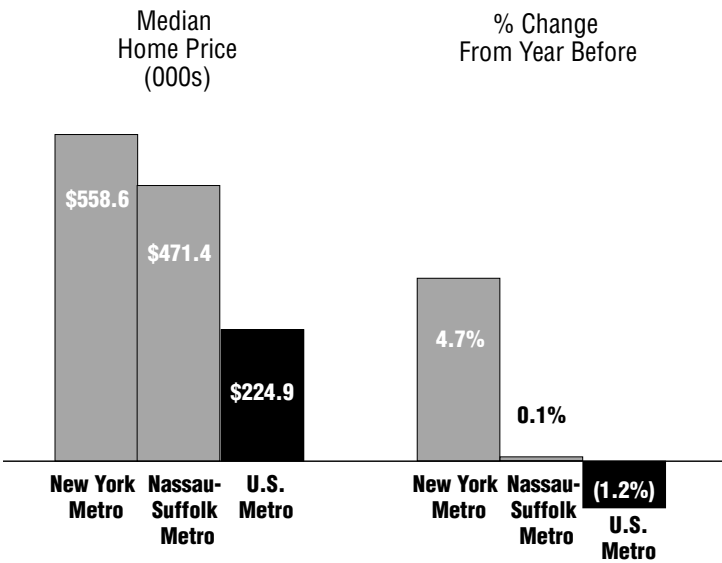
% of Households Owning Residences (2005)



Source: U.S. Census Bureau. Homeownership rates represent metropolitan averages as of year-end 2005.

D. Single Family Home Costs

Third Quarter 2006



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

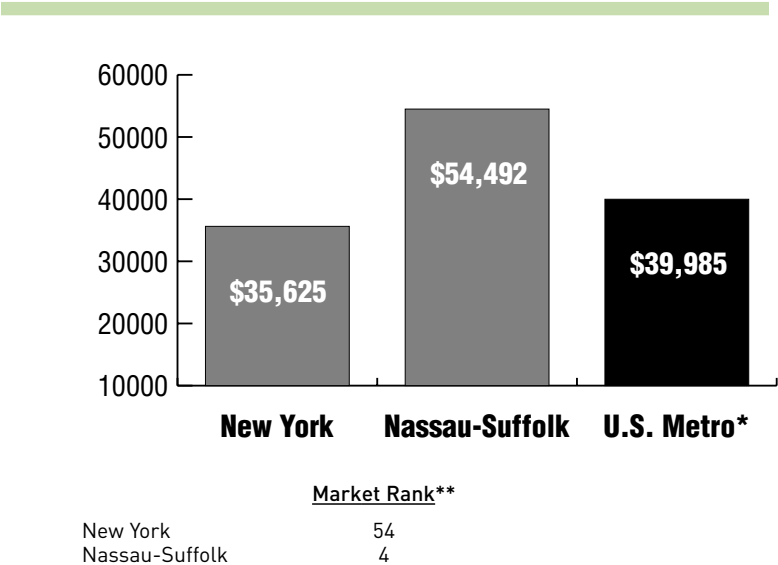
	% OF POP. COVERED BY HEALTH INSURANCE	RANK (OUT OF 51)	ANNUAL PER CAPITA HEALTH CARE EXPENDITURES	RANK (OUT OF 51)
New York State	85.8	26	\$4,994	3
U.S.	84.3	--	\$4,037	--

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).

IX. OTHER ECONOMIC INDICATORS

A. Metropolitan Median Household Income



*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

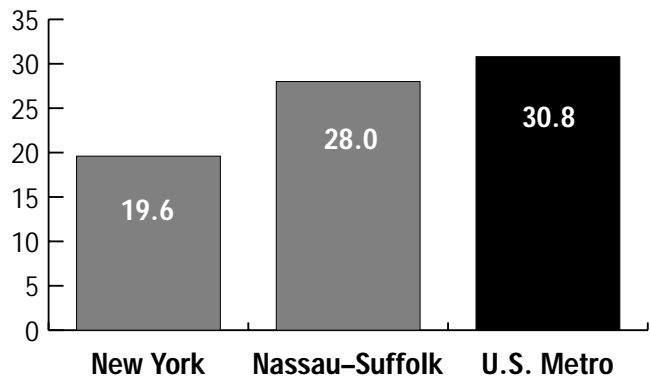
The #1 ranking represents the highest amount in each category.

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.

IX. OTHER ECONOMIC INDICATORS

E. International Trade

International Trade Volume

	IMPORT	EXPORT	TOTAL
New York (Part of the New York, NY Customs District)			
January-September 2006 (\$\$\$ in billions)	\$140.6	\$77.3	\$217.9
% Change (from year ago)	8.3%	15.4%	10.7%
Total U.S.			
January-September 2006 (\$\$\$ in billions)	\$1,385.0	\$764.2	\$2,149.2
% Change (from year ago)	13.4%	14.7%	13.8%

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.

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-June 2006
(\$\$ in millions)

	PERSONAL INCOME	CORPORATE INCOME	SALES	TOTAL *	% CHANGE FROM YEAR AGO
New York	\$32,330	\$3,365	\$10,443	\$52,960	7.5%
U.S.	\$246,494	\$44,767	\$213,202	\$607,457	8.5%

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—2005

	VIOLENT	% CHANGE FROM 2004	PROPERTY	% CHANGE FROM 2004
New York-Wayne-White Plains	576.1	(1.1)	1,967.9	(5.9)
U.S. Metro Average	469.2	0.8	3,429.8	(2.5)

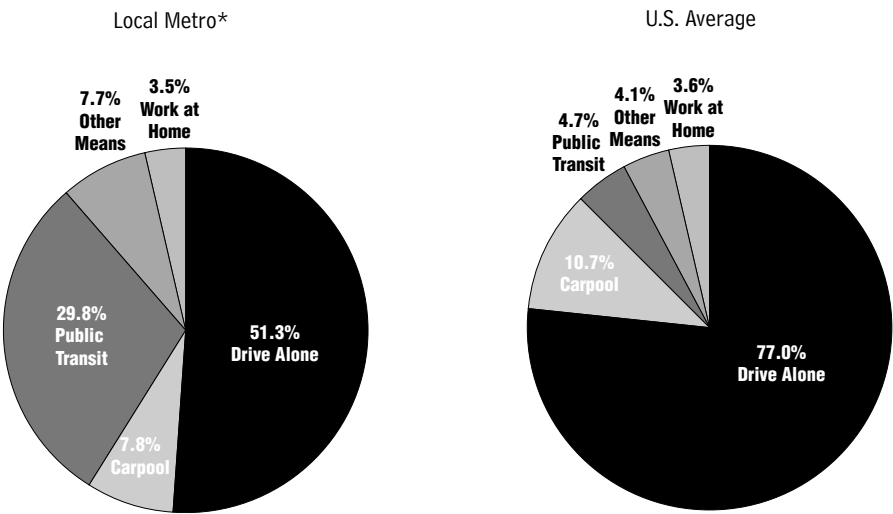
Source: Federal Bureau of Investigation, Crime in the United States.

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, 2005.

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

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>

PUBLISHER

GLOBAL REAL ANALYTICS

Richard Wollack
Chairman & CEO

Daniel O'Connor
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