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The story of townhouses remains an exciting topic, not only for owners contemplating whether to sell and would-be buyers, but for real estate brokers who are trying to discern trends and establish a solid base on which to guide their clients.

A review of the townhouse sales, however, suggests that this segment of the real estate market in Manhattan is experiencing growing activity and prices for well-renovated, single-family townhouses seem to command escalating prices.

There are a number of factors behind the push in demand for townhouses; some are applicable to residential real estate in general and others relate specifically to townhouses. On the whole, the demand for large apartments in good locations is strong and prices are holding. Since the inventory of available apartments is not replete with large units of 8 or more rooms, many would-be buyers in this category are opting for a townhouse instead.

The second factor that contributes to a greater demand for townhouses is the availability of 1030 exchange money that must be reinvested. Townhouses seem to offer such an opportunity for investors. Even though the return on their money may not be immediate, many investors seem to be willing to sacrifice short-term gain for the prospect of substantial appreciation in prices in the

longer term. Townhouses appear to have a greater attraction for such an investor, especially if the house is fully rented with only a few or no rent-controlled tenants.

The third factor is the cost of renovation, which has dramatically escalated in recent years. For obvious reasons, a well-renovated townhouse can command a correspondingly higher value but will still be less expensive than a house that needs major renovation, especially with the time investment of renovations.

The fourth important factor is the lower price per square foot for a townhouse as compared to the square footage in a large condo or coop. The significant difference gives pause to many buyers who need the space but cannot afford to pay \$1,500 per square foot for a coop or condo when they can purchase the same space for \$1,000 or less in a townhouse, hence the increase in demand.

For people who are interested in buying or selling on the Upper West Side, East Side, or Downtown, here are some general tips: Compared to the East Side, the West Side townhouse sales are appreciably more active, especially in the \$4-5M range. Such houses are in demand especially if they are well renovated. Whereas the East Side is not as active, trophy houses are selling at high prices (i.e. The Duke Mansion for \$50M). The prices of Downtown brownstones are relatively lower than the West Side, but somewhat higher than the East Side. There too, level of renovation of course matters.

Finally, it is worth mentioning the obvious--if you are a lover of outdoor space or your hobby is gardening, well, there is nothing like a townhouse in your favorite city. Townhouses with spacious and sunny gardens remain most desirable and command top dollar.

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Current Market Availability

Single-Family Townhouses (one to two units)

Width Of Townhouse	Number On The Market	Price Range
13 - 17 feet	6	\$4,595M.- \$7,500M.
18 - 20 feet	5	\$3,250M.- \$8,500M.
Over 20 feet	2	\$5,700M.- \$14,500

Multi-Unit Townhouses (three to five units)

Width Of Townhouse	Number On The Market	Price Range
13 - 17 feet	4	\$3,195M.- \$4,750M
18 - 20 feet	8	\$2,800M.- \$13,000M.
Over 20 feet	3	\$10,000M.- \$16,500M.

Townhouses Containing Six Or More Units

Width Of Townhouse	Number On The Market	Price Range
13 - 17 feet	4	N/A
18 - 20 feet	22	\$2,700M.- \$9,500M.
Over 20 feet	5	N/A

The Heart of the Home....the Kitchen

By Regina Bilotta

Have you noticed the proliferation of articles about townhouse living? New Yorkers are infatuated with the single-family townhouse lifestyle. Once considered strictly a suburban benefit, townhouses and brownstones are beckoning families away from high floors with views, to multiple floors with basements and roofs, backyards and front doors, not to mention unparalleled privacy. Renovations of these townhouses are happening more and more everyday. While the architect and interior designer ponder the enormous square footage of the townhouse, homeowners are visiting places to seek help from other specific professionals such as kitchen designers.

My experience with townhouse living started 25 years ago, when my husband and I purchased a brownstone on the Upper West Side. With limited widths and the multi-level layouts, (both typical aspects of city houses) the challenges differed from the New York apartment spaces we were considering. However, the idea of having a large eat-in kitchen, flanked by French doors leading to a sunny terrace and garden, was a dream come true. We craved big city life, but wanted the privacy and space of a family home.

Kitchen designers are sure to be successful with the recent surge in townhouse kitchens, especially those who have mastered all sorts of designs in suburban houses. Whether it's a brick Federal Style home in Greenwich Village, a Beaux Arts mansion on the Upper East Side or a Victorian brownstone on the Upper West Side, one thing is sure, the kitchen is the heart of the home. It is often the focus of the layout, just as it will be the focus of the homeowner's daily routine - where they will spend the majority of their time with their family and where friends will gather to be fed and entertained.

In most cases, the kitchens reflect a certain aesthetic of the homeowner. The most popular approach is to stay true to the home's architectural period and mood. Architectural details like wainscoting, window shutters, stone fireplace surrounds, inlay floors and coffered ceilings

that often fill these homes, guide the kitchen style, both for cabinetry, moldings, accessories, furniture and decorative finishes. Another approach is to ignore completely the home's age and style. What a treat to walk through an elaborately detailed traditional carved limestone façade, complete with large mahogany front doors, and discover a sophisticated, simple, wholly modern kitchen space, defined by a warm neutral color pallet made of wood and metals. The later townhouse styles of the 1950's and 60's, renovated to maintain their "modern" aesthetic, utilize the latest in materials like exotic wood veneers mixed with interesting metals and manufactured materials like concrete.

Blend old and new with the use of color and materials



Regardless of style, all townhouse kitchens have the potential to offer space and function to satisfy the desire to cook, eat and entertain in the kitchen. No longer limited to country estates, kitchens are often large enough to hold an island and table and specific task areas such as a baking center or a homework area. It is not uncommon to include the latest and largest appliances, such as 5' ranges, two 36" built-in refrigerators and multiple sinks and dishwashers. The possibilities are endless.

For example, an East Side mansion, gut-renovated to accommodate a new 6th floor with a pool, includes a rift cut cherry high-gloss, contemporary kitchen.

While the selection has nothing to do with the age of the building, it successfully blends old and new with the use of color and materials. In another East Side mansion our client asked us to stay true to the rich details, picking up on the four-piece, 16" crowns and Corinthian style columns in the three-story entrance way. Complementary moldings, corbels and columns were worked into the kitchen, library and media rooms. A Federal Style mansion was similarly renovated to accommodate a family intent on doing plenty of entertaining. This large kitchen holds a 5' range, a working island, banquette with seating for 8, an adjacent butler's pantry with wine storage and locked drawers for silverware and silver services. Many new kitchens stay true to the Victorian period with almost Shaker styles, simple but elegant moldings, arches and mullions. The white painted, recessed panel, inset door style, with double-stacked wall cabinets, is a favorite.

The townhouse craze is bound to continue. Even the most discerning client can "have it all" with little compromise, even in the middle of New York City. For those who want an urban lifestyle, but are desirous of that special space that only a house can offer, the townhouse can provide the best of both worlds.

Regina Bilotta is the owner (along with her sister and brother, Maria and Jim Bilotta) of *Bilotta Kitchens*, a high-end cabinet company with five showrooms: four in New York and a Clive Christian showroom in Greenwich, CT. Featuring the most traditional designs of *Rutt Handcrafted Cabinetry* and their private *Bilotta Collection*, to the more contemporary *SieMatic* and *Artcraft Kitchens*, *Bilotta* is a resource for the finest cabinetry available for kitchens, baths, entertainment centers, wine cellars, libraries, etc. It has been a trusted and well-known name in the industry since 1985 and in construction since 1955.

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Our dedication is unfaltering when it comes to achieving the widest exposure possible for our exclusive properties. We offer innovative and creative ideas to showcase the properties such as special events where we gain the attention of potential buyers, the brokerage community, and the media.

Deanna was recently quoted in New York Magazine regarding special events to expose properties. We host-

ed a beautiful cocktail party at a Fifth Avenue residence featuring a professional quartet with opera singers, including one of our own team members....Karen Kelley (our team is comprised of limitless diversity and talents)!

Not only did we gain exposure from the event, our efforts were doubled with the attention of the media.

NEW YORK

JANUARY 9, 2006

Let's Put On a Showing!

Nobody's turning up at your open houses? Bring in a soprano, a fancy chef, or Quincy. BY S. JHOANNA ROBLEDO

As mezzo-soprano Anna Tonna launched into the final few notes of Handel's sweeping "Ombra Mai Fu," accompanied by the Figaro Quartet, a cluster of audience members stood in one corner discussing the condition of the heringbone floors. Anywhere else-Lincoln Center, perhaps, or Town Hall, where Tonna has performed before-this behavior would've been inexcusable. But this was no ordinary show; this was "Figaro on Fifth," where the bait was a recital but the

prize was Tonna's performance space, an eight-room Fifth Avenue co-op on the market for \$4.8 million. "It was a way to showcase the space," says Corcoran's Deanna Kory, who has the listing.

When it comes to high-end properties, fancy brochures, newspaper ads, and a flowery description on a Website may not always be

enough. When a broker wants to nab the attention of colleagues, he has to go to greater lengths to stand out-and that can mean a stunt. Kory says she received many calls after "Figaro on Fifth" from agents congratulating her on the event.



Tenor Raymond Aparentado performs with the Figaro Quartet at 1060 Fifth Avenue open house



Deanna entertaining guests



Karen Kelley and tenor Raymond Aparentado



Deanna Kory and Karen Kelley with guests

The Best Kept Secret in Real Estate

The Real Estate IRA

By Adriane G. Berg

The so-called "Real Estate IRA is a unique but little known method of investing for both growth and income. To get the most from this technique you need an independent custodian, a lender if you want to leverage your investment, and an attorney to put the package together. I have helped many people discover the opportunities that the Real Estate IRA has to offer those with IRAs, SEPs or dollars to roll over from 401ks or 403bs. I am delighted to shed more detailed light on how it can work for you.

Basic Goals of the Real Estate IRA.

While the usual goal of the "real estate IRA" is asset diversification, there is the additional appeal of potentially acquiring a retirement home through an IRA. There is concern that desirable property will be out-priced by 2010 as many millions of "baby boomers" relocate to enjoy their post-retirement decades. The real estate IRA can address that concern.

As an example, consider Warren and Phyllis who have postponed buying a condo in Vail for nearly a decade, as their children and work life occupied their time. Now, while they are still working, they find they have accumulated substantial savings in their IRAs, but the cost of the coveted condo has skyrocketed beyond their means. Having discovered Tremblant, another ski community, they do not want this to happen again. They decide to purchase the Tremblant condo in their IRA, rent it out for a few years, then distribute it to themselves for personal enjoyment at retirement. The rents will be received tax-deferred and used to cover maintenance costs and management fees.

The Custodian. The real estate IRA must be in the hands of an independent custodian. Until recently, there

were few such custodians. Today there are at least a dozen banks that actively solicit independent IRA accounts. Each has slightly different requirements and fee structures. Most charge a minimal set-up fee, plus a fee for every transaction, and some charge a percentage of the value of the real estate per year.

Types of Real Estate. The Internal Revenue Code permits real estate of many types to be held in an IRA, Roth IRA, or SEP; however, neither the IRA owner nor his or her immediate family may occupy the property for business or as a residence so long as it is held



in the IRA. The property can be distributed starting at age 59½, just as any other IRA asset. Once out of the IRA, all restrictions on use are lifted.

Tax Treatment. While in the IRA, the property can be rented to others, but not family, excepting siblings and certain other relatives. The rental income received by the IRA is tax-deferred for the IRA owner, or completely tax-free if in a Roth IRA. Except in the case of the tax-free Roth IRA property, upon distribution of the property, any appreciation is taxed as ordinary income.

Advantages of Roth IRA. Owning the property in a Roth IRA has several additional advantages; 1) If the property is kept for at least five years, the gain and rental income is never taxed; 2) the property need not be distributed at age 70½; 3) beneficiaries can inherit the property, or sell it while still in the Roth IRA and distribute the accumulated income and capital gains to themselves tax free; and 4) if the owner continues to work after age 70½; he or she can continue to make contributions to the Roth which can be expended to improve or maintain the property, or pay down any purchase money mortgage.

Mortgages. Mortgages may be assumed by either an IRA or a Roth IRA, but care must be taken to follow the rules precisely, and to understand that the debt may trigger the unrelated business interest tax. The Internal Revenue Code permits ONLY non-recourse loans to be made to the IRA, i.e., in case of default, only the property may be used for collection and foreclosure. Moreover, the mortgage payment must be made ONLY from the funds in the IRA, i.e., the income from the property, already contributed assets, or the yearly contribution. No personal loans or added contributions can be made to bail out an IRA that has a shortfall.

Tenants in Common. For those concerned with the pitfalls of leveraging their IRA assets through borrowing, a better idea may be a consortium with other purchasers, such as a spouse or family member or business acquaintance, to buy property in the name of several IRAs, as tenants in common. An inherited IRA, with multiple beneficiaries, can also be a vehicle for the purchase of real estate, if the beneficiaries can agree to work together in the selection of the property.

[continued on the next page]

Prohibited Transactions. But while friends and family can join together to buy property, most other transactions between them with regard to the IRA are deemed prohibited transactions. Prohibited transactions include the sale or lease of property directly or indirectly between "disqualified persons," which includes the IRA owner and members of his family, excluding siblings and some others. One cannot sell the property to oneself, nor lend money to the IRA to make the purchase. For this reason, an IRA cannot buy property from the owner or from a disqualified person.

Intrafamily Transactions. It is interesting to note that the following are not considered disqualified persons: siblings, aunts, uncles, step-brothers and sisters, grandparents, and in-laws. They all may offer non-recourse mortgages to the IRA to buy property. As an example, a grandparent can make a loan to a grandchild's IRA to purchase property, or a sister may rent a vacation home from her brother's real estate IRA.

Distributing Property Out of the IRA. Distribution rules are considerably easier than purchasing rules. But note that any gain in value is taxed as ordinary income, not capital gain. If the property was held in a Roth and kept for five or more years, it is distributed tax-free. What if one sells before distribution? The rule is even simpler. The proceeds remain tax-deferred (or tax-free if a Roth), in the IRA.

Minimum Distribution Rules After Age 70½. Minimum distribution must be made from a traditional IRA in the year in which the April 1st falls after the owner has reached age 70½ falls. The real estate value is included in calculating the minimum distribution. But one may select other assets to distribute so long as they are sufficient to meet the minimum distribution test. Because there may not be sufficient other assets, or because the plan may be to distribute the real estate out of the IRA (perhaps to live in the proper-

ty), it may be wise to acquire the real estate in a limited liability company created for the purpose. In that way, the IRA owns a membership interest in the LLC, not the real estate outright. This allows for the flexibility of a gradual distribution of the membership interest, as well as a measure of asset protection so important to property owners with tenants. However, each year's distribution would require a new appraisal. Of course, with a Roth, no tax will be paid on five year-held property.

While the rules governing IRA investments in real estate are complex, such investments certainly can be made and may provide an appealing alternative to many individuals. We would welcome any questions you may have regarding this technique.



Adriane G. Berg is Counsel to the Longevity and Elder Law practice division of Riker Danzig, a New York and New Jersey Law firm, www.riker.com. Adriane is a speaker in the field of baby boom and senior longevity planning, www.adrianeberg.com. Her latest book, "How Not To Go Broke at 102: Achieving Everlasting Wealth," John Wiley & Sons, 2005 covers the real estate IRA.

Townhouse Market

[continued from page 1]

It has been taking an average of five to six months to sell a townhouse, depending on location, quality of renovation, and of course, price. A townhouse can be sold in a much shorter period of time. To be properly guided, it is always advisable to consult a seasoned broker who can walk you through the thicket of this market. Interview more than one broker before you select one. It could make a huge difference.

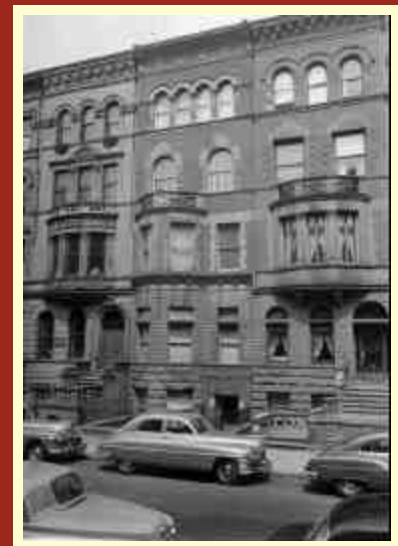
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57 West 88th Street



The townhouse located at 57 West 88th Street circa 1940-41

ON THE MARKET...BROOKLYN HEIGHTS

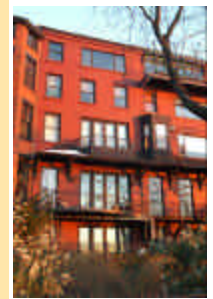
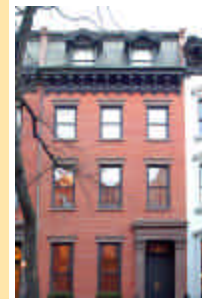
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According to Corcoran Year-End Report

The borough of Brooklyn saw across the board increases in sales prices with Brooklyn Heights seeing some of the largest market-wide gains. The two-four family townhouse category in this neighborhood increased by 67 percent to an average of \$3.7 million!

A Note of History

In 1834 the original town of Brooklyn was incorporated with the neighborhood borders that still exist today. Today the Brooklyn Heights historic district is characterized by its shaded streets, bluestone sidewalks, and decorative ironwork with fine historic homes, churches and civic buildings as a backdrop. With the establishment of steam ferry service to Manhattan in 1814, Brooklyn Heights began being populated with buildings representing the Federal and Italianate Styles, Greek, Gothic and Romanesque Revivals, Ruskinian and Queen Anne Styles, the Colonial Revival, Neo-Classical Style as well as examples of the Modern Movement.

2005 THIRD QUARTER VS FOURTH QUARTER

TOWNHOUSES	E/S a.s.p.	median	W/S a.s.p.	median	D/T a.s.p.	median
Quarter 3	8473	5225	4744	3750	4000	3325
Quarter 4	11386	11860	6006	6263	4802	3600
% change	34%	127%	27%	67%	20%	8%

the Deanna Kory Team

Meet the Brokers

Deanna E. Kory

Senior Vice President

An absolute professional, Deanna never departs from the highest ethical standards, while thriving on the remarkably productive relationships she develops with whomever she deals with professionally. Before entering the real estate industry, Deanna worked in public relations, promoting classical musicians, honing her interpersonal and marketing skills that have proven invaluable. Besides her intelligence, intuition, empathy, and sensitivity to her clients' specific requirements, Deanna possesses vast knowledge of the industry



and an unmatched expertise in marketing properties and selling them in record time and at record prices. She has also shown herself to be a superb negotiator, able to represent both buyers and sellers with great success. Deanna has consistently ranked in the top five brokers in Corcoran. Deanna stands out in the industry for her staging ability to show properties at their best to obtain the highest possible price. She is most attentive to the unique qualities of each property, and ensuring that all transactions proceed smoothly; always putting her clients' needs first.



Christine K. Morgan

Vice President

Coming to real estate from a successful career in publishing, Christine Morgan brings to her clients and customers a reporter's attention to detail and an orderly approach to realizing their real estate goals. It makes her especially effective in helping people focus their objectives, think creatively about their options, and find the best ways to close a deal.



Karen Kelley

Vice President

Though Karen has enjoyed traveling the world as an opera singer, Manhattan is still by far her favorite place. As far as possibilities, there's simply no better place, and she always looks forward to helping our clients find their own special niche here. Buyers and sellers rely on her high energy, creative problem solving skills and strong business mind to assure a fruitful deal.



Meghan Kelly

Sales Associate

A graduate of the London School of Economics, Meghan worked for three years in finance and marketing at a top Wall Street investment firm before joining the Corcoran group. Caring and sensitive, Meghan has also demonstrated a keen insight into her customers' and clients' needs.



Anna Makarova

Sales Associate

Since moving to New York, Anna has immersed herself in the culture of this city, honing her knowledge and expertise in sales, acquired a Bachelors in Finance and Investments, developed a natural aptitude for the real estate market in Manhattan, and is currently studying to become a Chartered Financial Analyst.

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the townhouse edge

the Deanna E. Kory team



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Winter 2006 Edition

Quarterly review of the Townhouse Market



Deanna's team updates you with a monthly market analysis email. We offer up-to-date information on inventory, sales, & market trends. We can help you navigate the market whether you are buying, selling, or merely interested in remaining current.



Quarterly Newsletter includes current market news and informative articles on all real estate topics



The team's survey of the market, the community, and the unique qualities of Manhattan's Riverside Drive



The team's seasonal analysis of what's happening on one of New York's most prestigious avenues



The team's Condominium Report- Review of the current Condo market trends

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