

NEWSLETTER

DEANNA E. KORY

Senior Vice President



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Forecast, Trends and Reflections

Reflecting back on 2011

To forecast market trends for a New Year it is critical to reflect on the trends established during the previous cycle. Being acutely aware of changes as they are happening and being able to forecast the future gives a buyer an incredible advantage. As a seasoned broker, I am in a unique position to be able to supply our buyers and sellers with intelligent strategies for proper pricing and value, as well as timing and negotiating. This is especially significant now as we navigate the volatility in the political arenas and the financial markets both domestically globally. What is helpful to know is that even in the current economic environment with all of the peaks and valleys, we continue to witness the seasonal trends which are somewhat unique to New York City. Only now that we have more data available can I say with certainty that knowing these trends will assist buyers and sellers; more importantly, one can reasonably rely upon them. The test was 2011; and while it had its dramatic ups and downs, it did follow many historic seasonal trends.

The real estate market is typically strongest in the first two quarters of the year; commonly referred to as the 'spring season'. The first half of 2011, particularly the first 4-5 months

were most definitely a 'peak' in the market over the last year. Sales volumes were robust and as the banking industry picked up, there were even numerous bidding wars. Surprisingly, it felt like we were back in 2007! With the arrival of the summer months and when the last minute wrangling on the debt ceiling began, our normal seasonal slowdown was exacerbated. The catalyst for this more dramatic slowdown was, in addition to the political squabble over the debt ceiling, Standard & Poors downgraded the United States' AAA credit rating by one level and Euro-zone concerns were beginning to surface. Historically, we see a lull of activity during the summer months, however like the initial burst in the beginning of 2011 this seasonal slowdown was carried out in a dramatic fashion.

One of the most talked about trends in Manhattan this past year was the rise and steadiness of the luxury market. Properties over \$10 million continued to sell during the slowdown and even reached record sales prices. As this segment of the market was the most impacted by the downturn and was the slowest to recover, it has bounced back in the last two years, gaining incredible momentum in 2011. It is important to note that condominium sales (and high-end townhouses) made up a larger part of the luxury market, far out-pacing high end co-op sales. Not surprisingly, many of the luxury condo buyers were foreign investors, as New York has proven to be a safe and sustainable place for long term gains. In addition, those buyers were taking advantage of the weak US dollar.

Top of the Manhattan Real Estate Industry!

Interesting Note: The top four closed sales in the 4Q were all on Park Avenue, the highest at \$27 million.

The last typical trend that stayed true-to form was the weakening market at the end of the third and beginning of the fourth quarters. Although there was a slight uptick in volume at the end of the summer, the brewing storm in Europe and the ensuing volatility of our stock market, impacted the second half of the year; as a result, sales volume was much lower than in previous years. Indications at the end of the year implied a potential turnaround, for instance the US labor market

Pending Sales 1Q 2011 – 1Q 2012



"courtesy of UrbanDigs.com"

added 120,000 jobs in November and the unemployment rate fell to 8.6%, the lowest level since March 2009. Our sales volume concurrently began to increase as well.

The last phenomenon that is important to note was the extremely low inventory rates in the third and fourth quarters. Real estate inventory tends to decrease in the last half of

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the year and again these levels were more dramatic than in most years. The availability of properties in excellent condition was lower and as a result, many buyers were unable to find properties they wanted to buy. There were more active buyers than good apartments on the market. In the past every time we observe shrinking inventory in New York City real estate, we also witness a rise in pent-up demand. Subsequently, when inventory levels rise in the spring season pent-up demand becomes apparent as people readily scoop up apartments.

4Q Market Segment Overview

Market-wide Trends

During 4Q 2011, there were in total 2,600 market-wide sales, a 12% decrease from 4Q 2010 and a 20% decrease from 3Q 2011. Limited availability was holding sales activity down, leaving buyers with fewer choices and pushing prices higher.

Condo vs. Co-op Market

The condo and co-op market statistics were divergent this quarter, and fundamentals should be viewed separately. Condo inventory decreased 11% from a year ago due to limited new development openings but in contrast, co-op availability remained even. Condo pricing showed solid positive growth and increased 4% from one year ago while co-op pricing remained stable.

Limited availability in the condo market has led to a surge in pricing. Condo median price and average price per square foot in 4Q 2011 were at their highest levels since the downturn. Co-op median price declined this quarter while average price per square foot held relatively firm from one year ago and declined only marginally from 3Q 2011. In the new development sector, supply cannot keep pace with demand and several markets are already under-supplied; when properties come on the market they are highly anticipated and get absorbed rapidly, usually with price increases.

New Development

The new development landscape has changed substantially over the past few

years and fundamentals vary greatly by sub-market. Compared to a year ago, median price declined 9% to \$1 million while average price per square foot increased 5% to \$1,210. This decline in median price is due to a drop in the 2-3+ bedroom market share coupled with Upper Manhattan garnering increased market share. These trends are a result of the limited amount of new product available, particularly in prime locations.

5 Reasons to Feel Positive about the NYC economy in the New Year

- Market strategists predict stocks up over 10% in 2012
- Leading US indicators rise more than forecast in sign of further growth
- US housing starts jump 9.3% to highest in year
- NYC draws record 50.2 million tourist mark in 2011
- NYC unemployment rates down

Long-term Groundwork Not Dependent on Financial Sector

Cornell University and Technion-Israel Institute of Technology are chosen by NYC to create engineering campus on

Townhouses

Average townhouse pricing can be skewed each quarter due to the low number of transactions. East Side townhouses median price declined 13% from a year ago and 16% from last quarter due to a larger number of two- to four-family home transactions this quarter. West Side townhouses decreased 45% in median price from last quarter due to a limited number of sales between \$2M and \$3M, all of them two- to four-family homes whereas last quarter, most sales traded between \$4M and \$5M with two sales over \$12M. Downtown and Uptown median price increase over both time periods.

Upper West Side

The West Side is an under-supplied market. Compared to a year ago, co-op pricing was lower from a year ago but increased from last quarter. Resale condo pricing decreased from one year ago.

Upper East Side

Co-ops on the East Side increased 4% in median price but remained even in average price per square foot compared to one year ago. Overall condo pricing fell from a year ago with average price per square foot declining 4% to \$1,165 while median price held firm.

Downtown

Resale condos increased 11% in median price and 3% in average price per square foot compared to 4Q 2010. New developments Downtown increased 2% in median price and 7% in average price per square foot from last quarter.

Forecasting 2012

As we begin 2012, there are a number of indicators that could make for a very strong first and second quarter.

- Very strong pent-up demand from buyers who have had very little inventory to choose from over the past 6 months will drive sales. As long as new and good properties begin to saturate the market, buyers will likely take advantage of the increased inventory. Good properties will sell reasonably quickly at fair market prices as the competition for quality apartments will increase.
- There are still historically low interest rates that will further prompt buyers to take advantage and buy now.
- Sellers have been a bit battered of late so prices should remain at or close to current levels. An increase would happen only if the demand picks up dramatically enough and there is a continued lack of quality inventory. Pricing is still very important in making a sale in this market, buyers will likely still be

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INCREASING PROPERTY VALUE THROUGH STAGING

By Sid Pinkerton, from drab to FAB

Throughout my career as a professional stager there is one question that comes up most often, "Why should I invest in staging my apartment?"



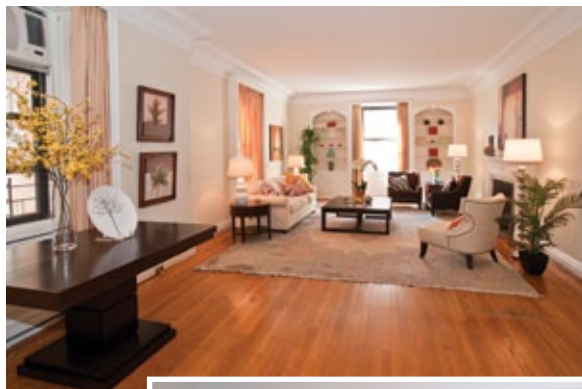
often overlook, often to their own detriment. Sellers are conditioned to sell their apartments "as is", not wanting to put any money into them and not realizing that a few

The answer is simple. There are three factors that affect the sale of your apartment: location, price, and condition. The location is fixed and cannot be changed; the price is fluid and depends largely on the state of the market, but the condition of an apartment is well within a seller's power to control and improve and the single best way to do that is to hire a professional stager.

simple changes can indeed transform their spaces making the apartment look more attractive and better maintained.

Our approach to staging is simple: we provide quick, minimal and inexpensive solutions that increase the perceived "condition" and therefore the value of apartments. Each of

According to the Real Estate Board of New York (REBNY), it takes on average four months for a Manhattan apartment to sell. If the apartment is professionally staged, however, the time it spends on the market can decrease by up to seventy-five percent and can be sold, on average, within four weeks. Additionally, staging can and does increase the selling price. Typically, staged properties can lift the sale price by at least 2 - 5% and often even more, which, for a one-million dollar home, is a net gain of twenty to fifty-thousand dollars. I know many portfolio managers who would congratulate themselves if they could pull off that kind of return in such a short amount of time for their clients.



In the area of staging, as elsewhere, experience is vital. I've been a professional stager for eight years and have staged over a thousand apartments in New York City. That richness of experience has taught me over and over again one very simple, but very fundamental rule: the condition of an apartment correlates directly to its value. In the current market, buyers are willing (indeed eager) to pay more for a nice, well-maintained property, but it's a rule that sellers



these solutions will vary by apartment. We look at the issues facing a particular property, prioritize them, and then work on the ones

that will help the apartment achieve the best outcome.

In furnished apartments, staging can involve re-arranging existing furniture and artwork to not only maximize the efficiency of the square footage but also give prospective buyers the two things they value the most: space and light. Adding staging props will make the apartment feel warmer and more inviting. In doing this, we create the sense of a more modern and better-maintained living space that buyers notice.

In vacant apartments although the approach is somewhat different, the objective is the same: to increase the perceived value of the apartment. It's worth pointing out that, on average, furnished apartments can sell for up to ten percent more than unfurnished ones. The reason for this is simple: an unfurnished apartment lacks a sense of scale and leaves the all-important question unanswered of how it would address or accommodate basic buyers' needs and comforts, such as where to place sofas, chairs, TV's, and tables. Rooms actually feel smaller without furniture and when selling your apartment you want all the rooms to feel as large as possible. Square footage

is what is being sold and it is important that the buyers feel every inch of space. Staging answers the question of scale and

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Top 10 Things to Do Before Putting Your Apartment on the Market

- 1. Do your own preliminary research on values:** Look at the websites that cover your area. In Manhattan, this includes: some of the larger firms' websites such as Corcoran.com, as well as the New York Times, REBNY Residential, Streeteasy and Property Shark. Just think about what you were looking for when you bought and put in your own search that covers those parameters. See what comes up and review what is in contract and what has closed. No need to delve, but become familiar with what is going on in your market. Note: Remember that you will always see your apartment as better than others. This is very normal!



- 2. Contact a few agents:** Get recommendations from friends, or go online and see who has sold properties like yours and has a track record in your market and neighborhood. You can also call one of the established brokerage firms and ask for an appropriate person.
- 3. Interview the agents:** Have them get back to you on value and their strategy to market your home.
- 4. To stage or not to stage:** Ask for feedback from the agents who see your home as to what you need to do for the best presentation and hire a stager if need be.
- 5. In preparation to show your apartment:** Clear clutter, do a

thorough cleaning, replace low wattage and fluorescent bulbs with warm white incandescent light bulbs throughout the apartment and clean your windows just prior to the time you begin showings. Do not just stuff clutter into your closets as storage is a big selling point and overstuffed closets will turn buyers off.

- 6. Choose the proper time to list your apartment:** Speak with agents about this. Depending on your type of apartment and the time of year, waiting a few months to list may be beneficial.
- 7. Price your apartment with careful consideration:** It is the #1 mistake sellers make either because there isn't enough market information or they believe it is worth more than it is. Listen to advice and try to look objectively at the comparable 'active', 'in contract' and 'just closed' listings. Be aware that some agents will try to woo you with pricing that is too high. That is why getting a few people to give you pricing is helpful. It is important to keep your expectations in line with the realities of the market.



- 8. Collect the cooperatives' due diligence documents:** These include the last two years' financials, the offering plan and all amendments, recently updated house rules and proprietary lease.

INDUSTRY INSIDER

For an up-to-date insider perspective on the NYC real estate market, watch for my new blog launching soon at deannakory.com. This weekly blog will share exclusive, insider insight into what my team and I are seeing in the market and on the street in terms of buyer trends, new inventory, sales, financing, mindset and more.

We are watching the market, so you don't have to!

What is This?



THE DEANNA
KORY TEAM
transcending
the ordinary

It is a QR code, otherwise known as a Quick Response Code. It is a type of two-dimensional barcode that can be scanned using a QR reader on your smartphone!

To scan a QR Code you'll need to download and install a QR Code reader like RedLaser to your smartphone. Once the app is launched, hold your phone like a camera and scan a QR Code to see what happens! You will start seeing these everywhere and they can be very helpful!

- 9. Make sure you have an attorney at the ready:** if you don't already have one, pick an attorney who regularly represents sellers in New York City residential real estate sales and who knows the drill. Having a slow and unknowledgeable attorney can ruin a deal.
- 10. Relax!** Once you have done all of the above and have a good agent representing you, it is important to "let go". Don't hover over the agent if you are getting feedback. If you like your agent, don't second guess them but rather have a discussion with them if you feel something further should be done. ☒

JUST RELEASED!

living on Riverside Drive

This wonderful new coffee table book of photography is full of extraordinary photos that capture all aspects of everyday life on Riverside Drive. Many times, we miss the beauty before us and photographs can seize images we see every single day but can often go unnoticed.



From the subtle seasonal transformation, to the incredible architectural detail of structures that were built at the turn-of-the-century, there is so much splendor and beauty to this enchanting and historic residential enclave. This book explores through images many of the reasons why owning a residence here is so special and the reasons it enjoys such a full and vibrant history.

Living on Riverside Drive was created by the Deanna Kory Team to share with the residents of this wonderful community as we continue to be enamored by its eternal appeal from its stunning architecture, magnificent history, wonderful community and of course the beauty and recreation of Riverside Park!

If you would like a complimentary copy of *Living on Riverside Drive*, please contact Deanna @ DEK@corcoran.com or 212-937-7011

CURRENT MARKET REVIEW

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looking for deals unless of course it is their dream home. Hopefully, as the new season gets underway the supply and demand equation will balance out.

As the year progresses, there is a strong possibility that inventory will increase even more than usual as a result of two major tax rate changes. These changes to tax rates may convince sellers who have been 'sitting on the fence about selling' to sell and close before year end, which may also prompt lower prices in the second half of the year. The two tax rate changes are:

- Expiration of the current capital gains tax rate at the end of 2012 which will increase the percentage paid on capital gains by in most cases at least 5%.
- Expanded Medicare tax of 3.8% on 'unearned' income of high income taxpayers which will take effect January 1, 2013. This one will affect the profit on a sale of real estate or co-ops.

The uncertainty in both the US and European economies will continue to be the backdrop against all that happens this year. However, I anticipate that we will have a relatively stronger sales period in much of the first half of the year followed by a slight slowdown.

There are many variables that could play a role in the market this year which makes the last half of the year more difficult to predict. These variables include: the presidential campaign, the impending new tax rates on capital gains, strength or weakness of the European markets and the national status of unemployment.

As is normal, most people purchasing an apartment or house in Manhattan buy for their personal domicile. Additionally, Manhattan real estate continues to be viewed as a safe long-term investment. Given recent positive projections about the stability and potential slow growth of the economy as well as the real estate market, I predict a resurgence of the mid-market (two to three

bedrooms). This is in part due to pent-up demand and the normal sales cycle. Overall sales volume is what moves the market. And while the recent reports of strong high-end luxury sales abound, the volume is limited because the market is much more rarified.

The last few years have brought enormous change to our industry. We are excited to see the evolution of the Manhattan residential market in 2012. Whatever your real estate needs may be in the coming year, we are happy to help you in any way. ☒

If you are interested in discussing your property's value and/or timing in the current market or if you want us to keep you updated monthly on the current market via email, please contact: Deanna E. Kory
212-937-7011 - DEK@corcoran.com

Penthouse Living



1235 Park Avenue, Penthouse

Triple Mint Full Floor Corner Nine-Room
Web #2272435 \$Hi-9M's



205 West 76th Street, PH3AN

Triple Mint 3 Bedroom Luxury Penthouse
Web # 2281489 \$5,5M



115 Central Park West, PH, 32E

Architecturally Stunning Penthouse Tower Loft
Web #2134980 \$1,795M

Prewar Classics



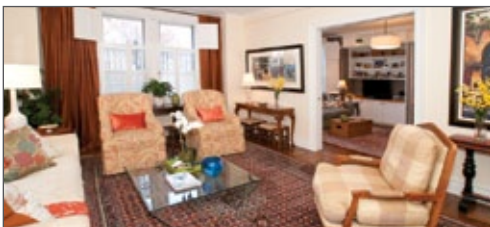
41 Central Park West, Apt 8CH

Grand-Scaled Turn-of-the-Century 7-Room
Web # 2272427 \$4,95M



1356 Madison Avenue, Apt 1N

Turn-of-the-Century Carnegie Hill 3-Bedroom
Web #2267316 \$1,695M



160 Riverside Drive, Apt 1A

Townhouse-Style Living w/ Full Service Comfort
Web #2272431 \$2,35M



610 West End Avenue, Apt 3D

Grand Classic-8 in Top WEA Building
Web #2190888 \$3,495M



239 Central Park West, Apt 15B

Elegant Corner Classic 8 into 7-Room
Web #2263699 \$Mid-4M's

Deanna Kory Team Exclusives

Property Value with Sid

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"Where will my furniture fit?" before they are even asked by prospective buyers, whereas an empty space will feel both impersonal and uninviting.

Another pitfall that staging can help sellers avoid, especially in unfurnished apartments, is that even a minor flaw is amplified. In today's buyer's market where every imperfection can cost sellers money, this is especially the case. In a professionally staged apartment, however, minor flaws and blemishes will recede into the background as the buyer's eye is drawn elsewhere. Poor views, flaws in the floors and walls, even out-dated kitchens and bathrooms can all be made to feel fresh and more updated.

The first showing of an apartment may be the only chance that property has to make a good impression on a prospective buyer, and it's important to do everything possible to accentuate those aspects of a space that make it worth buying. Your property needs to stand out from the rest. This is where the knowledge, experience, and expertise of a professional stager becomes indispensable.

In my mind, staging your apartment is the best short-term investment you can make with your property. Why do I say that? Because I see the positive results everyday! ☒



from drab to FAB staging that performs

Sid Pinkerton
917-456-6242

sid@fromdrabtofab.com
www.fromdrabtofab.com
www.manhattanstaging.com

Broker Spotlight

The Deanna Kory Team is a group of seasoned professionals who are highly skilled in all facets of buying and selling real estate in NYC. As we all share a passion and expertise in real estate, the wonderful nature of the group is what we each bring to the team including our diversified education, skills and past professions. We are honored to welcome two new brilliant brokers to our team and we would love you to learn a little about them as they too are as dedicated to providing the highest level of service to all of our clients.



Amanda Cernitz
Senior Associate Broker

Amanda Cernitz's passion for real estate and architecture developed at an early age which she has successfully applied throughout her professional life. After receiving her degree in architecture from Syracuse University, Amanda entered the field of residential architectural design, followed by work in the commercial and retail arenas in New York City. Her clients included several high-profile Fortune 100 companies. An architecture design specialist for over a decade, Amanda is currently applying her creative and practical talents in the natural transition to residential real estate sales, where she has never been happier.



Ileana López-Balboa
Sales Associate

Having been in sales and client service roles for Asset Management firms for over 20 years including, head of Global Investor Relations for Alternative Investment firms, she has mastered the skills necessary for the successful completion of transactions for buyers and sellers. Born in New York City, and raised in numerous domestic and overseas locations, Ileana was drawn back to Manhattan to attend to Barnard College and never left. She is a passionate New Yorker who understands the pulse of neighborhoods around the City. Ileana resides on the Upper East Side with her husband and two children. She is active in fund raising and community outreach programs for the Spence and Buckley schools. Ileana loves to travel; her fluency in Spanish and French come in handy here. In her spare time, she enjoys sailing, cycling, knitting and relaxing at the home she and her husband built on the East End of Long Island.

Deanna Kory Team 2011 Sales Sampling

300 Riverside Drive, 7AC	10-Room
465 West End Avenue, 2C*	8-Room
302 West 86th Street, 8B	7.5-Room
140 East 63rd Street, 12E	2 Bedroom
785 Fifth Avenue, 7E	6-Room
440 West End Avenue, 9A	6-Room
845 West End Avenue, 14A*	7-Room
262 Central Park West, 13E	9 Room
50 West 96th Street, 6A	7-Room
205 West 89th Street, 6H	6-Room
257 Central Park West, 3C	5-Room
610 West End Avenue- 2D	8- Room
1 Gracie Square - 9th Floor	9-Room (originally 11 Rms)
685 West End Avenue, 9B	6.5-Room
1148 Fifth Avenue, 6C*	7-Room
685 West End Avenue, 16AC*	9.5-Room
249 West 99th Street*	4-Story Townhouse
302 West 86th Street, 2B	7.5-Room
285 Central Park West, PHN	9- Room
180 Riverside Drive, 3C	6-Room
167 East 82nd Street, 8A*	3-Bedroom
309 West 102nd Street	Single-Family Townhouse

*represented purchaser





Deanna Kory
Senior Vice President

Top of the Manhattan Real Estate Industry!

With over twenty-five years of experience in the real estate industry, Deanna Kory has built a reputation as a hard-working broker with the intellect, knowledge, sensitivity, and expertise to assist all of her clients in realizing their real estate goals. She has a predominantly referral-based clientele which is a testament to these attributes. Along with her team, Deanna has sold over \$1 billion of residential real estate in Manhattan.

Deanna Kory | Senior Vice President and Associate Broker | 660 Madison Avenue, New York, NY 10065

MEET THE TEAM



Christine Morgan
Vice President



Amanda Cernitz
Senior Associate Broker



Jane Martin
Senior Associate Broker



Wendy Clark
Vice President



Lynn Nguyen
Sales Associate



Ileana López-Balboa
Sales Associate

3 Brand New Ways We are Bringing You the Inside Scoop



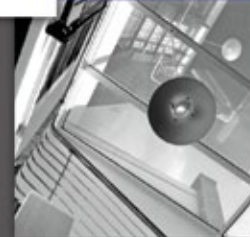
Video Blogs: Deanna produces the 'Market Minute' where she answers the most topical questions for you in a minute.

Industry Insider: Watch out for Deanna's upcoming weekly blog, offering up-to-date insider perspective on the NYC real estate market.



She is also partnering with other industry insiders for informal discussion on hot topics related to real estate.

Luxury Newsletter: Just Released! Our First Edition, 'Uptown Luxury Newsletter'. Let us know if you would like to be on the mailing list!



MANHATTAN RESIDENTIAL REVIEW & THE LUXURY MARKET

The residential real estate market in New York City has been maintaining a steady pace of sales this year with prices upholding values and in some cases exceeding expectations. In fact, Corcoran's 3rd quarter closed sales figures show the highest number of transactions since the 3rd quarter of 2009. This defies the conventional perception of slower sales activity nationwide and creates a sense of demand among those not needed in our market.

deannakory.com

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corcoran group real estate

the corcoran group real estate - 660 Madison Avenue, New York, NY 10065 - DEK@corcoran.com

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