

CONDO REPORT

Summer 2010 Edition

Deanna Kory



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A STEP AHEAD OF THE MARKET

The Manhattan real estate market of 2010 has managed to buck the trend of a stagnant real estate market that has gripped the rest of the US. The Corcoran Group estimates that by the end of the second quarter of this year residential real estate sales had increased an impressive 47% as compared to the same quarter in 2009, making it the strongest quarter since before the market's downturn in September 2008. Meanwhile inventory has decreased 24% from its peak in March 2008.

While inventory markedly declined and the number of transactions increased considerably over the past year, the market-wide median price of \$810,000 and average price per square foot of \$1,040 for 2Q 2010 remained virtually unchanged as compared to both the 1Q 2010 and 2Q 2009, signaling a welcomed stabilization of prices after several quarters of market correction.

Reasons for Rebound

Stabilized prices are but one of the factors that have encouraged buyers to re-enter the market. So have historically low interest rates and wider availability of jumbo loan financing. The city's economy, which is bouncing back faster than the rest of the country, has also played a part in stimulating the real estate market.

According to the US Dept of Labor, in the first half of this year the city's economy grew 1.7% as compared to 0.6% nationwide. New York City has also managed to reduce the unemployment rate by 1% while increasing the workforce by 0.2% over the past year. This growth has created a surging rental market that reached pre-recession levels during 2Q 2010, more than doubling the number of new leases from the same period last year.

Condo Trends Market-wide

A step ahead of the market, condominium sales accounted for 56% of total sales in 2Q 2010, running ahead of the historical



five-year market share for condos of 52%. Despite a flatness in prices for the residential market overall, the 2Q 2010 median price of \$1.050M for resale condos was a gain of 6% from 1Q 2010 and 9% from 2Q 2009. Similarly, the 2Q 2010 average price per square foot of \$1,159 was up 1% from 1Q 2010 and 4% from 2Q 2009.

The changes in median price and average ppsf are indicative of a shift in market share from entry-level, one-bedroom units in 2009 to larger, three-bedroom apartments this year. In the new development category, the 2Q 2010 median price of \$1.275M was up 6% over 2Q 2009; the median price for three-bedroom units grew by 14% to \$3.7M from 2Q 2009 and 6% from the 1Q 2010. Prices for units in every other size segment of new development fell in the second quarter of this year.

Neighborhoods Trends

West Side resale condos fared well with an increase of 9% in median price and 10% in average ppsf in 2Q 2010 from the previous quarter. New development sales in 2Q 2010 increased a healthy 26% in median price from 2Q 2009 with closings at 535 West End Avenue and The Rushmore contributing to increases in the median price.

Meanwhile, on the East Side the new development 2Q 2010 median price soared an impressive 44% to \$2.28M from the same quarter a year ago although the average ppsf remained flat over the same time period. This substantial increase in median price was due to a large number of three-bedroom sales and a 61% increase in the median price for one-bedroom units. Many sales of large units occurred at properties such

[Continued on page 2]

as the Lucida, Georgica, and The Laurel, all recent new developments.

Moving south, Midtown East resale condos' median price increased 26% and 6% in average ppsf between 2Q 2009 and 2Q 2010. New development sales increased 15% in median price and 4% in average ppsf versus 2Q 2009. A large majority of new development closings were at The Alexander at 250 E 49th Street.

The Downtown resale condo market saw gains of 12% in median price for 2Q 2010 but no change in average ppsf over 2Q 2009. New development here experienced price declines of 7% in median price and 12 % average ppsf as compared to 2Q 2009. The three-bedroom category was the only category to see a median price increase, gaining 13% in median price from Q2 2009 to Q2 2010.



Forecasting the Future

Some real estate professionals interpret the strength of this year's rebounding market as a sign that the market has turned the corner away from instability and toward renewed growth. Others question the sustainability of the current market , citing a possible end to any pent-up buyer demand, the potentially

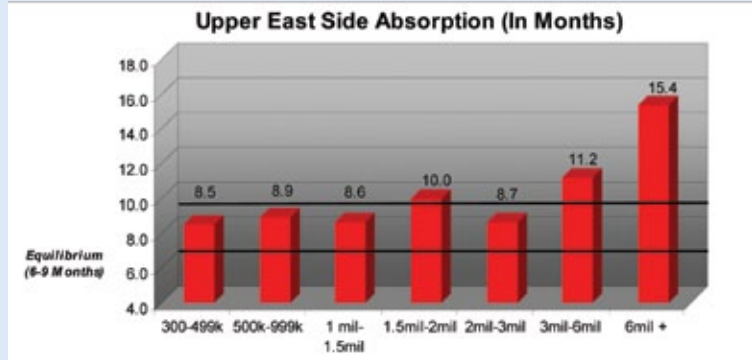
negative impact of so-called "shadow inventory," (new development units at or near completion but not yet listed for sale), as well as the drag the national economy's high unemployment and lackluster growth could yet have on the city's economy.

But thus far, thanks to an expanding local job market, low interest rates, a shrinking inventory, easier financing, and housing prices still well off the highs of 2008, our more affordable real estate market has opened the door to many new buyers who had previously been priced out of purchasing in Manhattan, and it has created a larger pool of buyers, and an expanded market, for sellers. As agents in the field and on the ground, the interest and sales levels as well as "buyer talk" all point to us to signify a strong resurgence in the Manhattan Condo sales market for the foreseeable future. ☒

SECOND QUARTER SALES DATA

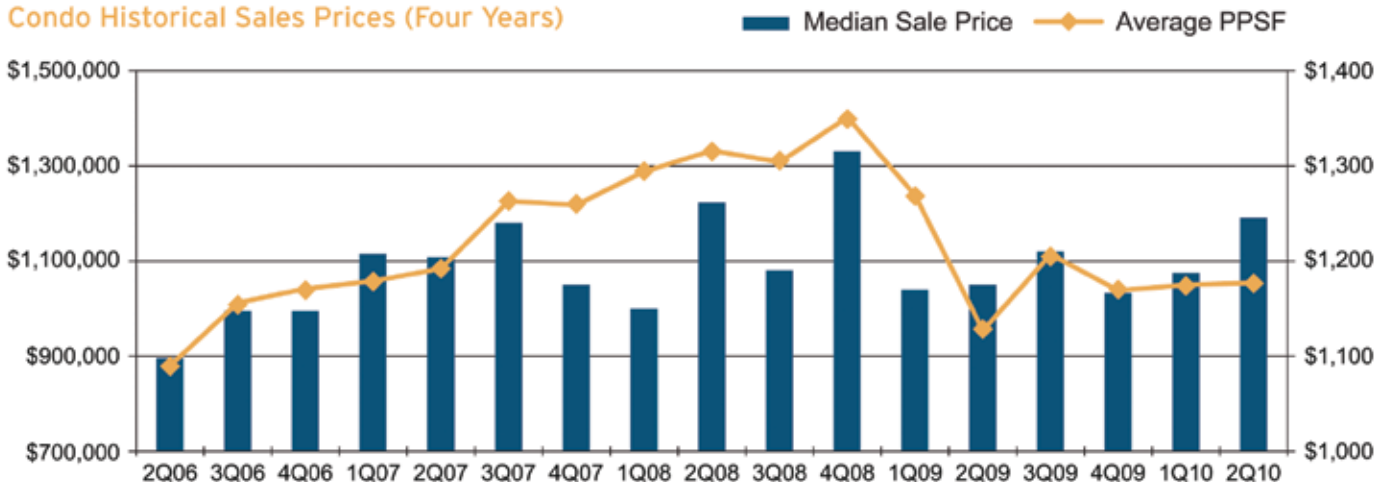
Market Wide Resale

	Median Price	Avg Price per sf	Studio	Median Price			
				1 BR	2 BR	3+ BR	
Condos	Q2 2010	1,050M	1,159	460K	750K	1,485M	2,920M
	Change	+6%	+1%	-4%	+2%	+11%	+17%
	Q1 2010	995K	1,152	479K	738K	1,335M	2,500M
	Q2 2010	1,050M	1,159	460K	750K	1,485M	2,920M
Change	+9%	+4%	+3%	+6%	+13%	+9%	
Q2 2009	965K	1,113	448K	708K	1,319M	2,690M	



Absorption: The number of months it takes to sell available inventory

Condo Historical Sales Prices (Four Years)



Advantages of Owning a Condo... Legally Speaking

By Martin F. Librett, Esq.

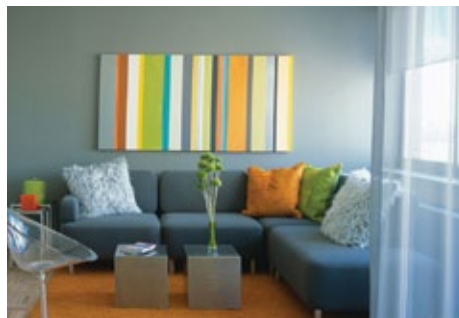
The legal advantages of owning a condominium unit as opposed to a cooperative apartment can be summed up in one word, “flexibility”. The most commonly known flexibility that comes with condominium ownership is the relative ease with respect to their selling and leasing. This ability to freely sell or rent, without risking rejection by a board, is reflected in both the marketing and value of condominiums. Most condominium By-Laws provide that the condominium has a ‘right of first refusal’ with respect to the sale or leasing of units. Unlike a cooperative board, which can outright reject a sale or lease, a condominium board can merely choose to match the terms of the transaction, thereby guaranteeing the unit owner that the apartment will be sold upon the terms and conditions sought, or leased upon the terms in the proposed lease transaction. This legal right is required in order to comply with New York State Statutory and common law which prohibits restrictions against alienability of real property.

In addition to the right of first refusal process, there are many other advantages to condominium ownership. Among these I would include:

Financing Flexibility – There is no restrictions (other than as dictated by the mortgage market) on the amount of financing a purchaser of a condominium may seek, or that a unit owner may seek when looking to pull out equity. Cooperative’s commonly limit the amount of financing to 75% or less of the purchase price.

Entity Ownership – While cooperative’s do not preclude entity ownership, they typically do not permit such ownership other than some co-ops allowing the shares to be held by revocable or personal residence trusts. A condominium can be readily purchased by

or transferred to an entity such as an LLC. That being said, over the last several years, I have noted a trend among condo board’s by which they attempt to restrict such ownership by requiring among other things; (i) financial information from the principals of the purchasing entity; (ii) guarantees by the entities principals, or in extreme cases; (iii) common charge escrows.



Divisibility of Ownership – Since a condominium is real property, the interest in the property can be readily divided by setting forth the respective owners interest on the deed. This comes in handy in such instances when parents are purchasing an apartment for a child, or where investors are purchasing together and have different levels of contribution. Shares of a cooperative cannot be similarly divided on the stock certificate allocated to a cooperative apartment, and any such division of interest would have to be handled by a separate shareholder agreement.

In short, the legal flexibility that comes with owning a condominium makes it attractive to the broadest spectrum of the market.

Purchase CEMA

As closing costs are slightly higher when selling and purchasing a condo, there is an opportunity for both buyers and sellers to save money if the buyer is financing a portion of the purchase price and the seller has an existing mortgage. It is a process

called a Purchase CEMA (Consolidation, Extension and Modification Agreement). The incoming buyer is “assigned” the existing mortgage, with the terms of their new mortgage overriding the terms of the existing one. The tax laws provide that to the extent there is an outstanding mortgage principal on the premises, the buyer does not have to pay mortgage tax, provided the new Lender records a CEMA. So, if for example a buyer is taking out a mortgage of \$1,500,000, and the seller has an existing mortgage loan balance of \$1,000,000, the buyer would not have to pay mortgage tax on the \$1,000,000 balance, yielding a savings of about \$19,000! The seller is permitted to take this \$1,000,000 as what is called a continuing lien deduction on the NYS transfer tax return, thus saving \$4,000. Not all banks (either lending or outgoing) cooperate with this process, but it may be worth exploring in certain instances.

The Purchase CEMA Consolidates, Extends and Modifies the existing mortgage and benefits the buyer, the seller and the lender:

Consolidates: Consolidates, or combines, the seller’s current/existing mortgage with the new mortgage (which is greater than the current mortgage).

Extends: Extends (increases) the existing loan amount as the buyer is financing an amount greater than the seller’s current mortgage.

Modifies: Modifies the existing rate and/or term of the seller’s existing mortgage. ☒

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TIS THE SEASON... for a stronger rental market

By Wendy Clark, Vice President- The Corcoran Group

One of the many advantages of condo ownership is the relative ease with respect to leasing. Therefore, it is important to review the activity in the rental market and the significant uptick the general market has experienced over the past year.

The Manhattan rental market is back in the midst of its prime rental season and as prices rise and inventories decrease this month, the bump in activity seems to be helping the market continue its return to its previous norm. Rental prices are up again this month — .72% in month-to-month comparisons and 3.62% year-over-year. While not large increases, these numbers

pulled nearly all incentives from prime Manhattan units. No-fee deals are few and far between, mostly found in the Financial District.

Notable Trends

Rents are Back on the Rise — In keeping with expected seasonal trends, average rents are up this month 0.72% in month-to-month comparisons and 3.62% year-over-year. While not a large increase, given the instability we have seen over the past year, this return to normal market fluctuations is a positive sign for the health of the rental market.

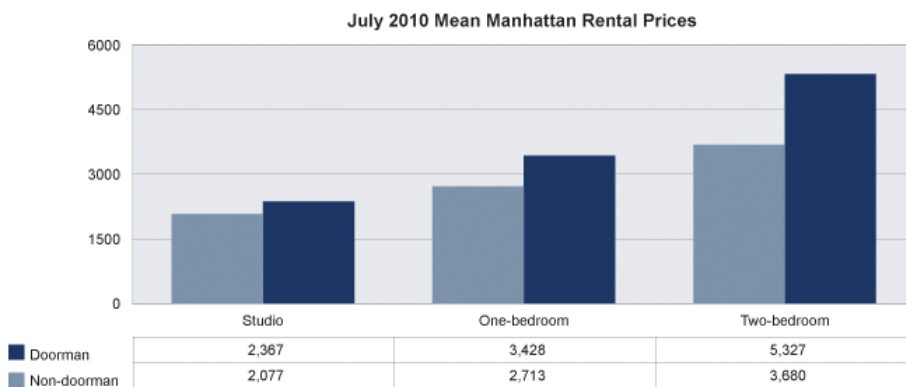
with doorman service are also doing their research on rental prices. While non-doorman inventories continue to decline across the board despite slight price increases in studio and one-bedroom units, doorman units show a more direct correlation to rental increases. Studio units, where prices declined by about 1% this month, also showed a decline in inventories of 5.10%; however, one- and two-bedroom units, where prices were up 0.33% and 1.41% respectively, both showed sharp increases in inventory of 7.27% and 13.35%. So while it seems that renters are still willing to pay a premium for doorman service, they are more reluctant to take a unit not perceived to be a “deal.”

Manhattan is like no other city, and the rapid turnaround in the rental market is testament to the island’s continued desirability as a place to call home.

Year-Over-Year Changes

Mean Manhattan Rental Prices

The Mean Rental Price graphs illustrate average monthly rents for studios, one-bedrooms and two-bedrooms in doorman and non-doorman buildings in Manhattan for the month of July 2010. Graphs tracking citywide and neighborhood price changes over a rolling 13-month period follow.



	NON DOORMAN		
	July '09	July '10	Change
STUDIOS	\$1,958	\$2,077	6.06%
1 BEDROOM	\$2,590	\$2,713	4.76%
2 BEDROOM	\$3,590	\$3,680	2.52%

	DOORMAN		
	July '09	July '10	Change
STUDIOS	\$2,337	\$2,367	1.29%
1 BEDROOM	\$2,590	\$3,278	4.63%
2 BEDROOM	\$5,197	\$5,327	2.49%

Info according to “Manhattan Rental Market Report”. (http://www.tregny.com/manhattan_rental_market_report). ☒

are in step with normal seasonal fluctuations we would expect to see in July.

At the same time, inventories have decreased this month by 0.78% and vacancies are especially hard to come by in larger units as new renters eager to find multiple bedrooms arrive in Manhattan.

Seeing the trend of increasing rents and decreasing inventories, landlords and property owners around Manhattan have

Tighter Inventory — After showing an increase last month, vacancies are back down this month by 0.78%. Renters continue to scoop up value-priced non-doorman units and inventories in these units were down 7.86% this month. Larger units are renting first and vacancies are down-upwards of 9% in non-doorman two-bedroom units.

Doorman If the Price is Right — It appears that renters looking for buildings

If you are considering selling and would like to learn the value of your home in this current market, we would be happy to prepare an analysis for you with no obligation on your part. Please contact us for a confidential valuation at (212) 937.7011 and/or DEK@corcoran.com.

Deanna Kory

The Digital Advantage

The Deanna Kory Team appreciates the key role technology now plays and is committed to remaining an industry leader to better assist clients in both marketing their homes and finding properties to purchase. As part of



the Corcoran Group, the Deanna Kory Team clients already benefit from the marketing power of a recognized leader in the industry and New York's #1 real estate website, Corcoran.com. When you choose the Deanna Kory Team, you're choosing to work with the most technically savvy, experienced professionals in the New York City real estate market. Our property listings receive the best possible online reach and distribution, resulting in higher prices in shorter times. In this era of instant communication, timing is everything.

Innovative Marketing Tools

Every Team DEK exclusive receives maximum exposure on the industry's top real estate websites through Corcoran's comprehensive partnership network, including NYTimes, Trulia, StreetEasy, Google and many more. In addition, our marketing team has developed advanced tools that incorporate

the digital and video mediums. We can creatively enhance properties that may need specialized marketing, such as raw spaces, new development, and homes that need to be gut renovated. We are constantly striving to improve our marketing skills by utilizing THE most up-to-date software and design.

Social Media - we regularly update and promote all our listings on social media sites like Twitter, Facebook, LinkedIn, YouTube and Flickr.

Internet Advertising and Marketing - we maintain an ongoing and aggressive search engine marketing campaign generating website traffic through keyword placement and targeting. We constantly review and optimize the campaigns to ensure the most effective results.

Other advanced tools include:

- Property Renderings
- Virtual Staging
- 3-D Floor plans
- Full Screen Photos
- Video Walk-throughs
- Custom Website Development

The Deanna Kory Team Website



Video - our site is rich with video, including personal interviews with team members to help users find out who we are as professionals, our individual philosophies on guiding clients, and our experience in assisting our clients in buying and selling real estate in Manhattan. We also include video of our exclusive events, television promotion of properties, and tours of our listings.

Video Blogs - in an effort to offer up-to-date information in a new and exciting format, our creative team presents Deanna Kory

via video answering the most current and frequently asked real estate questions in her own words. This monthly video is sent via email to our clients and maintained on our website.

Custom Listings - our exclusive property listings do not have the restrictions of most template-driven websites, so we can customize your property listing with as much information or as many links or features as needed.

Deal Management System

Just as corporations utilize extensive tracking systems to catalog and record pertinent information, monitor effectiveness, and communicate within the organization, the Deanna Kory Team has an internal system that was created for our team exclusively. This state-of-the-art system gives our team the capability to most effectively assist our clients by tracking important information to keep us up-to-date on all aspects of our business.

Complete customer reporting system - this system is extremely effective in tracking our buyers' requirements for purchasing a property. No broker can be effective if he or she is not fully aware of a buyer's needs and requirements. We track all properties viewed, buyer comments, and new listings that match each buyer's criteria. Our entire team is aware of every one of our client's requirements through this system, so each client has a broader scope of guidance, information and ideas.

- Database of all deal information
- Digital open house sign-in sheets
- Record of all appointments

In a highly sophisticated real estate market, sellers need access to the finest marketing tools to achieve their desired results. ☒

For more information on our current exclusive listings, up-to-date market news, or assistance in the intricacies of purchasing and selling an apartment in Manhattan, please visit deannakory.com or contact Deanna: DEK@corcoran.com (212) 937-7011

Deanna Kory Team Current Condo Exclusives On the Market



**140 EAST
63RD STREET
APT. #12E**

Stunning and spacious two bedroom home in top full-service condominium. This corner apartment is one-of-a-kind in the building! Impeccably renovated with Crestron and Central Air and beautiful floor-to-ceiling windows with open city views & 2 terraces. \$4.250M Web # 2020804



**1601
THIRD AVENUE
APT. #17H**

Stylish and flexible two-bedroom, two bath condo with spectacular open city views. Ruppert Towers is a full-service Upper East Side condominium featuring full-time doorman, concierge, and live-in super. Other amenities include garden terrace, courtyard garden, laundry, valet service and indoor parking garage. \$975,000 Web #1981114

Resale East Side

Resale condos decreased 10% in median price versus a year ago. Average price per square foot rose 7% from a year ago. Versus First Quarter 2010, median price decreased 14% while average price per square foot decreased 5%.

Condos	Median Price	Avg Price per sf	Studio	Median Price		
				1 BR	2 BR	3+ BR
Q2 2010	948K	1,190	403K	648K	1,350M	3,127M
Change	-14%	-5%	-11%	-6%	+8%	+5%
Q1 2010	1,102M	1,253	450K	688K	1,250M	2,983M
Q2 2010	948K	1,190	403K	648K	1,350M	3,127M
Change	-10%	+7%	-3%	-4%	+4%	+12%
Q2 2009	1,050M	1,107	415K	675K	1,300M	2,800M

Average unit sales per square foot (SF):

- Above \$2,500 SF
- \$2,000 - \$2,500 SF
- \$1,500 - \$2,000 SF
- \$1,250 - \$1,500 SF
- \$1,000 - \$1,250 SF
- \$750 - \$1,000 SF
- \$500 - \$750 SF
- Below \$500 SF
- No SF Available

Number of unit sales per building:

- Above 20 Units
- 10 to 20 Units
- 3 to 9 Units
- 1 to 2 Units

Interactive map online at PropertyShark.com/maps





THE DEANNA KORY TEAM

CONDOMINIUM SALES SAMPLING 2010

2109 Broadway	14 -131 Ansonia	1 Bed – 1 Bath
235 W. 71 - 4th Floor		6 bed – 6.5 bath *RB
2000 Broadway - 16A	The Copley	1 bed – 1.5 bath
200 W. 78 - 5D	The Morgan	3 bed – 3 bath *RB
150 Columbus - 10A	1 Lincoln Square	2 Bed – 2.5 bath
455 CPW - LM19		3 Bed – 3.5 Bath
2000 Broadway - 19C	The Copley	3 Bed – 3 bath *RB
360 W. 19 - #1		2 Bed – 2 Bath
455 CPW - LM17		5 Bed – 5.5 Bath
455 CPW - LM6		2 Bed – 3.5 Bath
215 W. 95 - 14H	The Princeton House	2 Bed – 2 Bath
401 E. 60-36A	Bridge Tower Place	4 Beds – 3.5 Bath
372 CPW - 19AB	Vaux Condominium	3 Bed – 2 Bath
2373 Broadway - 1706/1705		3 Bed – 3 Bath *RB
327 CPW - 5B		2 Bed – 2.5 Bath *RB

*represented buyer in transaction



Deanna Kory
Senior Vice President

Top of the Manhattan Real Estate Industry!

With 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.

She was named one of the **2008 Top Women in New York Real Estate by Tri-State Weekly**

Was among the **top 3 salespeople in the entire company at Corcoran in 2007 and 2009**

Has been honored amongst the **city's real estate elite by Avenue magazine in both 2008 and 2009**

Member of the President's council; the top 25 brokers at Corcoran, and the Multi- million – dollar club repeatedly year after year, **she consistently ranks within the top 5 brokers at the Corcoran group** company-wide every year, as well as holding many other honors.

deannakory.com

MEET THE TEAM



Christine Morgan
Vice President



Jane Martin
Senior Associate Broker



Wendy Clark
Vice President



Lynn Nguyen
Sales Associate



Dan Tudor
Sales Associate



Dane Hope
Sales Associate