

LUXURY LETTER - OCTOBER 1, 2004 luxuryletter.com

An up-to-the-minute report on Manhattan's Downtown Luxury Real Estate market.

Other Real Estate Reports provide information that may not be current enough to fully assess the state of the market: that's where we come in. We are brokers working the Downtown New York Luxury Residential Real Estate market on a daily basis, giving you an insider's perspective to understanding the market as it is...today.

While other reports focus on average, we choose to focus on luxury: Our specialty is Downtown New York Luxury.

Presented by Leonard Steinberg /Hervé Senequier (Douglas Elliman): the luxuryloft team.

LUXURY HEADLINES - October, 2004

TRIBECA APARTMENT GETS \$ 1,450/sf.....

A contract was just signed on a prime apartment in Tribeca for \$ 1,450/sf, a record for a non-penthouse apartment. The apartment was under 3,000sf in size, with some minor outdoor space, open exposures, 24hour doorman, condominium in Mint, move-in condition in a top quality building. The message is clear: Prime Condominium loft-style apartments trade at premium pricing if they are beautifully finished out, with a doorman, with exposures and good light. Quality rules....This price rocks!

INDICATORS OF A CHANGING MARKET?

As a broker there exist some 'layman's indicators' of a change in the market....

- Firstly, there is a new wave of 'broker's open house tours' taking place: In a really busy market, brokers barely have time for a brokers' open house, let alone a tour...and recent ones have been very well attended by some top brokers. Many of the properties featured have been around a while...
- Secondly, we are seeing price reductions, ASKING price reductions. This does not indicate a decline in selling prices, but maybe the time has arrived when the expectation of the pricing increases we witnessed in the first half of 2004 has changed and become unrealistic.
- Thirdly, there is a slight rise in inventories.....although quality in prime locations is hard to find, unless buying in new developments, where quality in finish-out can be questionable, and the real estate taxes can be rather daunting. The raised inventories from new developments are absorbed quickly.

Combined these indicators would conclude that the market may be changing to a more normal market, with a more balanced perspective from both buyer and seller. Some sellers are obviously concerned about the prospect of rising interest rates, especially after the elections. Some buyers, sensing a change, are beginning to place low-ball offers: they are being disappointed.

OUR PREDICTION: No way to know yet what the direction is....October will be a critical month, after a late Labor Day and the Jewish Holidays slowed the start of the Fall market. New inventory is being absorbed quickly (Some new developments report 65% sell-through's in 3 weeks!). We see a market lacking in quality property that is correctly priced, which is always a RED ALERT for the potential of further pricing escalations. We also see land being bought at SUPER-HIGH prices which raises the cost-basis for development.....and one should predict much higher pricing per square foot 2 years from now. think \$ 1,500/sf, if the market holds up.



Douglas Elliman

OCTOBER 2004 FEATURED PROPERTY

Sun-flooded Chelsea Loft – 126 West 22nd Street



This exquisitely designed high-floor *Condominium* Loft with Sun-flooded, South-facing exposures, features extraordinary customized Millwork throughout...amazing, engineered storage abounds. With a large, efficient kitchen with pantry, two bedroom suites, built in home office with high-tech wiring and speaker system throughout, customized lighting, and low monthlies, all in a Prime Chelsea location, this loft presents the best of Downtown Luxury. Offered at: \$ 2,495million Web ID#: 634648

For Information Contact: Leonard Steinberg/Hervé Senequier, Telephone: (212)727-6164

Christopher Coleman FEATURED DESIGNER

OCTOBER 2004

This month we highlight the work of Christopher Coleman, an Interior Designer whose colorful, bold, witty, modern style has been featured in virtually every major publication. His passion for creating modern spaces with graphic simplicity, always incorporates a sense of humor. He perceives the needs and dreams of his clients matches this with his ability to translate them into reality.



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www.ccinteriordesign.com

THE OCTOBER 1, 2004 REPORT: Our 5 classifications of luxury property:

MINLUXE

Although smaller, luxury is not compromised, priced between \$ 1 and 2 million.

# of properties:	208***
Average price:	\$ 1,43million (\$816/sf) DOWN (compared to September 1, 2004 report)
Average Size:	1,751sf
Factoids:	* Price drop reflects large number of Wall Street New Development signed contracts * 74% Condominium, but many first offering pricing on New Developments * 45% of properties in New Developments, most delivered in 12 months or more

MIDLUXE

Mid-sized luxury properties, priced between \$ 2million and \$4million

# of properties:	67 ***
Average price:	\$ 2,648million (\$996/sf) UP SLIGHTLY (compared to September 1, 2004 report)
Average Size:	2,647sf
Factoids:	* Keeps rising consistently. Most Condo's over \$ 1,000/sf * 76% Condominium * 32% in new developments

ULTRALUXE

Larger, luxurious properties priced between \$ 4million and \$5million

# of properties:	5 ***
Average price:	\$ 4,38million (\$1,033/sf) DOWN SLIGHTLY (compared to September, 2004 report)
Average size:	4,065sf
Factoids:	* 100% Condominium * 80% with Doorman * Zero with outdoor space

MEGALUXE

Large, exceptional properties, priced over \$ 5million.

# of properties:	2***
Average price:	\$ 6,025million (\$ 1,470/sf) DOWN (compared to September 1, 2004 report)
Average size:	4,100sf (excluding outdoor space)
Factoids:	* 100% Condominium * 50% with Doorman * 50% with outdoor space/penthouse *

HOUSELUXE

Large, Single family townhouses are a rare breed in the Downtown market.

# of properties:	5 ***
Average price:	\$ 4,16million DOWN (compared to September 1, 2004 report)
Average width:	21feet
Factoids:	80% Greenwich Village Still a MAJOR shortage of mint, move-in single family houses Downtown

LUXURY *NEWS*

NEW PROJECTS OPENING IN THE FALL : Several exciting new development buildings are opening for sale in the Fall in the Gramercy/Flatiron area, Chelsea, SOHO, Wall Street, Astor Place, etc.... Most fall within the classification of LUXURY...BUYER BEWARE of developer representatives who try to sell their least desirable units first (always buy the BEST).....for more details, **please call (212)727-6164.**

LUXURY *HOTSPOTS*

BED: Fresh from Miami's South Beach. This super-fabulous restaurant opens on West 27th Street and Tenth Avenue. No table reservations, as the food is served on trays...in beds!

WEST ELM: At last! The modern chic (and very affordable) furniture store that debuted in Brooklyn opens it's first Manhattan outpost on West 18th Street between 6th and 7th Avenues.... There is an entrance on West 17th Street too. Owned by Williams Sonoma, the owners of Pottery Barn and Chambers too.... Affordable luxury, for a change.

CHRISTOPHER FISCHER: For the very best of Cashmere: home furnishings, men's, women's, kid's...opening at 80Wooster. Perfect timing for the Fall and Winter.

LUXURY *TRENDS*

Motorola MPX....E-Glass....Cashmere Pillows....Contemporary inventiveness....Building Media Rooms....Designer in-house restaurants....David Barton, 23rd Street.....MOMA....Foxz II Camera...NEC 84" Plasma TV.... Interactive Home Art ... Catherine Memi Concrete.....

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Leonard Steinberg and Hervé Senequier are Douglas Elliman's #1 brokers specializing in the Downtown Luxury Real Estate Market. Their clientele relies on their advice, judgment and expertise for all their real estate transactions, capitalizing on their broad knowledge and information-based service...a service un-paralleled in the industry.

For more information about 'full service brokerage', please view: www.luxuryloft.com
...or call (212)727-6164 to learn how you can benefit from the ultimate real estate experience.

***While every effort has been made to provide accurate, up-to-the minute information based on closed *and* contract-signed transactions, the information is provided subject to errors, omissions and changes. Our criteria for luxury may be different to other's. Some prices are estimates only as they have not closed yet. For 100% accurate information, please consult a legal professional to perform the necessary due diligence.

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