

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: we offer an alternative. We are brokers working in the 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.

Presented by Leonard Steinberg & Hervé Senequier (Douglas Elliman): the *luxuryloft* team

LUXURY HEADLINES – February 1, 2005

SELLER'S SALIVATE, BUYERS' BRAWL.....

We recall our LUXURY HEADLINES of July, 2004, when we announced the \$ 1,000/sf mark being relatively cheap....we were spot on! What has happened in the market since then proves our optimism was 100% accurate. The month of January has seen a feeding frenzy on quality properties never seen before: Multiple bids on rationally priced properties are almost a given, and with an even lower inventory, new quality product is snapped up within days. This is good and bad: Good for sellers who stand to make more profit than they ever imagined, bad for buyers who are witnessing their dreams of ownership shrink literally before their eyes. Anyone buying today has to accept these painful facts: Buyers today have to either:

- 1) settle for less
- 2) pay more
- 3) rent....or....
- 4) move (far)out of the city.

This is an incredible opportunity to trade down, however, where one maximizes the sale price at a higher dollar value than the trade-down-buy, where the dollars involved are less....and the interest rates are low.

WHAT IF.....

We predicted this would happen: Markets are largely driven by supply and demand. We know the demand for Manhattan is always strong, and now the supply is lower than it's ever been. This could all change if interest rates go up significantly (which is not impossible).

WHAT IF interest rates went up significantly (3 points, for instance) and inventories rose significantly (unlikely, although we are seeing many more properties now): usually this heralds the beginning of a 'wait and see' market, where sellers anticipate things to level out, or possibly rise again, and buyers wait for the big fall. The result? Fewer sales as everyone goes into "WAIT AND SEE" mode....

WHAT IF: we're all wrong (as we have been for the past 8 years), and people's belief in real estate overpowers all theories and reasoning

In Real Estate, the market affects new home buyers seeking financing most: For those who own already, trading up or down is manageable in any market.



18 East 18th Street



18 East 18th Street Terrace



57 Bond Street

FEBRUARY 2005 FEATURED PROPERTIES

NOHO Nirvana: Bond Street's Best - 57 Bond Street 4W

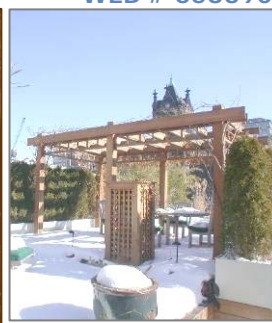
WEB # 655869



Located at the crossroads of NOHO, SOHO & the East Village, this sleek Condominium boasts outstanding light from many over-sized windows & 11 ft ceilings. A magnificently proportioned Living room with a 122 sq. ft. terrace, provides the best entertaining space, attached to a Poggenpohl kitchen, resplendent with professional stainless steel appliances (Sub Zero fridge & wine cooler, Bosch Dishwasher, Viking stove), granite countertops and so much more. Currently set up as a 2 bedroom (the 3rd bedroom has been converted into a Dining area), 2,5 bathroom apartment. The Master Suite boasts a bathroom with a 6 ft tub with Steam shower & window for natural light. With Maple floors, a Bosch washer/dryer, storage in abundance, and so much more. \$ 2.89m

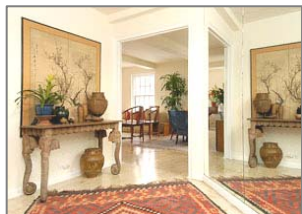
UNION SQUARE PENTHOUSE PARADISE – 18 East 18th Street Penthouse

WEB # 658390



Seldom, if ever, does a penthouse loft of these proportions become available: A rare combination of width, pre-war authentic details & sensational outdoor space. Steps off Union Square in the Flatiron/Gramercy Park area, no other location offers greater convenience with every conceivable mode of transportation, boutique, restaurant & entertainment facility at your doorstep. Light radiates throughout from expansive skylights: With huge over-sized windows, gorgeous tin ceilings and a wood-burning fireplace, there is space in abundance, and easily accommodates 3 bedrooms, study, maid's room, a magnificent kitchen plus a Master Suite oasis. More luxuries include 2 separate entrances & elevators & Central Air Conditioning. Offered at: \$ 3.5million

Lower Fifth Life - One Fifth Avenue. # 10d



This is the best 2 bedroom, 2 bathroom layout in the building, one of Lower Fifth Avenue's Landmark properties. Located on West corner, with superb exposures North up Fifth Ave, and West, this elegant home awaits your touch to transform it into the prize apartment it can be. Large original windows are some of the pre-war details that sets this apart from all others....

Offered at \$ 1,565million

WEB # 568918

West Chelsea Art's District Loft 522 West 22nd St



Nothing compares to this sensational, authentic pre-war Condominium Loft, in the most vibrant Culture Center of Chelsea. The loft accommodates 3 bedroom suites easily & a powder room. Facing a tranquil & sunny courtyard, with huge authentic wooden beams, Maple floors + a designer kitchen. This genre of Luxury loft is rarely available.

Offered at \$ 2,95million

WEB # 651828

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Prudential **Douglas Elliman**

THE FEBRUARY 1, 2005 REPORT: Our 5 classifications of luxury property:

MINLUXE

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

# of properties:	473*** (Many carried over from 2004)
Average price:	\$ 1,447million (\$886/sf) UP
Average Size:	1,637sf
Factoids:	<ul style="list-style-type: none">* Pricing up, sizing down.* Majority Condominium: Large volume represents HUGE number of new construction Contract signed and closings of 1 Morton Square, 129 and 225 Lafayette, 497 and 505 Greenwich....many priced in early 2004...* Many signed contracts at 444 West 19th, 15 Broad St....* PRICING RECORD: 142 West 10th Street: \$ 1,430/sf! A conversion of an existing house into condominium apartments....

MIDLUXE

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

# of properties:	173 *** UP SIGNIFICANTLY
Average price:	\$ 2,584 million (\$1,074/sf) UP SLIGHTLY (compared to December, 2004 figures)
Average Size:	2,401sf
Factoids:	<ul style="list-style-type: none">* Enormous volume of new development projects, mostly Condo with Doorman.* 89% Condominium....1 Morton Square producing some sales close to \$ 1,500/sf!* \$ 1,700+ per square foot for a CO-OP penthouse in the Village....needing renovation!* Richard Meier's 3rd Tower producing sales prices over \$ 2,000/sf and up.

ULTRALUXE

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

# of properties:	9 ***
Average price:	\$ 4,606million (\$1,395/sf)
Average size:	3,301sf (most featured outdoor space)
Factoids:	<ul style="list-style-type: none">* 100% Condominium, (1 Condo)exceptional light, views + finishes* 497 Greenwich producing \$ 1,908/sf for penthouse space...raw! 165 Charles, \$ 2,100+/sf...

MEGALUXE

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

# of properties:	16*** UP SIGNIFICANTLY
Average price:	\$ 6,72million (\$ 2,204/sf) UP SIGNIFICANTLY
Average size:	3,205sf (excluding outdoor space) (DOWN)
Factoids:	<ul style="list-style-type: none">* 80% Condominium* Approaching \$ 2,500/sf!!!! In several buildings such as ASTOR PLACE + 165 Charles St.* 90% with outdoor space/penthouse* Significant up-tick in MEGALUXE market: not only in the designer-architect market either...

HOUSELUXE

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

# of properties:	7 ***
Average price:	\$ 5,29million UP (compared to December, 2004)
Average width:	19.4 feet (Buyers are accepting narrower houses + paying the price regardless)
Factoids:	Multiple bids erupted in the sale of a fine townhouse on West 12 th Street: We have heard the Contract of sale was signed several hundred thousand dollars over the asking price of \$ 6,5m...

LUXURY NEWS

We have decided to introduce a system of rating buildings in Downtown New York.....

HOW DO YOU RATE YOUR BUILDING? Please see the enclosed form and help us rate the best buildings downtown: If you'd prefer doing this on line, you may do so at: www.luxuryloft.com/survey.htm Please help us rate your building! And THANK YOU in advance. Results will be posted soon...

LUXURY HOTSPOTS

PLATE: This Latin-Asian fusion menu with modern furnishings offers an eclectic mix not to be missed..... 264 Elizabeth Street Tel: (212)219-9212

BRELLA BAR: Just in time to prepare for the rainy season, along comes this sassy boutique devoted to umbrellas.....248 Elizabeth Street Tel: (212)625-3133....then off to **PLATE** for eats next door...

LUXURY TRENDS

BDDW ... Casa Armani ... smaller, more engineered + efficient spaces ... minimalism with feeling ... Refrigerated storage at the front desk for your food deliveries ... Virtual Concierge ... TOWNHOUSES (some are still bargains, although most need LOTS of work)...

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Leonard Steinberg and Hervé Senequier are consistently Douglas Elliman's #1 brokers specializing in the Downtown Luxury Real Estate Market.

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

***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.

Prudential Douglas Elliman