

LUXURY LETTER

JULY, 2008

the only monthly market report on downtown new york luxury real estate

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 Residential Real Estate market on a daily basis, giving you an insider's perspective to gauge the market as it is...today. While other reports deal with average, our focus is luxury.

THE SUMMER OF FEAR

This Summer has the makings of a real estate storm in Manhattan.... With oil approaching \$ 150/barrel, stocks at 2 year lows, layoffs in abundance, constant press headlines preaching death, destruction, gloom and doom, combined with what is traditionally a slow season (Summer) in high end real estate, fear has set into the minds of buyers, more so than ever before.

The figures for the month of June do speak a different language, as do the figures for the first half of the year. They are actually quite strong, and much stronger than anticipated. So is this fear justified? Here are our thoughts on the subject of FEAR:

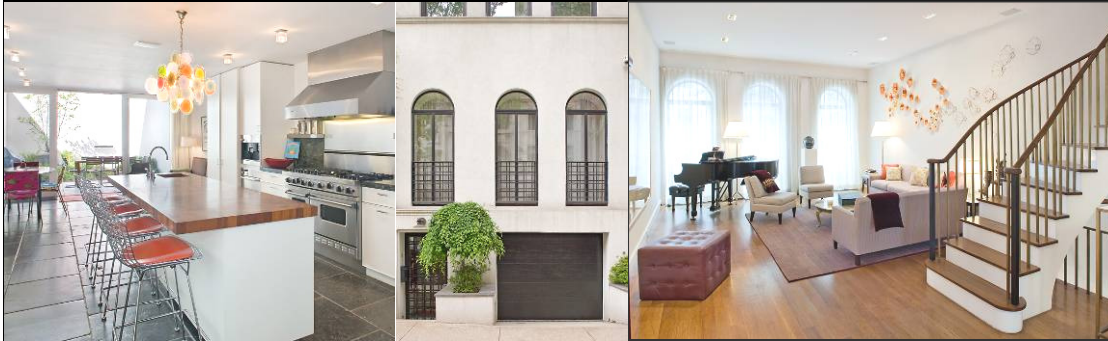
- Fear is a product of the unknown: and right now we are all pretty ignorant about what the future will bring, not unlike any other time in history.
- Fear is a product of BAD NEWS: and we have been bombarded with really, really bad news over the past few months.
- Fear is a product of precedence and history: In years past, similar economic conditions have led to market fluctuations.
- Fear can be a product of fact: There are many facts on the table that do not read well: high oil prices, rising consumer goods prices, decreased profits, a weak dollar, stock market weakness, etc.

So how does one conquer fear in this market? Here are some tips:

- Even in a dreadful economy, people still die, get married, divorce, have kids, retire, etc: life goes on. There are fewer transactions, fewer buyers. Inventories rise. But the market does not come to a standstill. The market didn't stop completely even when mortgage rates were 17%.
- With greater choices, buyers should focus mostly on QUALITY and PRICE. Smart buyers should focus almost exclusively on QUALITY, as this is the one factor that sustains market wobbles, and always escalates faster and more certainly when markets rise.
- If the fear is that pricing will dip 10% over the next few months, factor that in. Maybe making an offer that is more aggressive will do it....or maybe factoring in what that apartment will cost on a monthly basis with current mortgage rates if pricing dips but interest rates rise. It is doubtful interest rate will remain this low. And inflation is here, like it or not. And New York inflation is really high.
- What is the value of your time? If you plan to be in your new home for 6-8 years, there is sufficient history that markets recover in that time period.....waiting in a rental, paying huge (and rising) rents for a quality apartment could add up to the difference in pricing should the market dip, while sacrificing quality of life AND the costs and aggravation for 2 moves.
- Sellers have to accept that this is not the market for premium pricing unless you own a premium property: price within the realm of reality based on that which is real.
- The best advice: Do what you can live with. No-one has ever bought or sold a property in New York in any market without being nervous.

JULY 2008 FEATURED PROPERTIES

69 EAST 91ST STREET – CARNEGIE HILL'S BEST TOWNHOUSE WITH A GARAGE \$17,5MILLION



The finest fully renovated single family townhouse in Carnegie Hill: The best block, the smartest layout, all exquisitely executed by world-renowned architect Annabelle Selldorf. The quality of finish out, rooftop terrace, garden, elevator, garage, light and location make this a collector item.

47 MERCER STREET – SOHO AT ITS FINEST



Exceptional full floor classic SoHo masterpiece with superb original Corinthian Columns, 14ft ceilings and no-expense-spared finish out. Combined with a superb lobby and large elevator, this is THE SOHO PRIZE. 3 beds + study.

\$7,5M

54 KING STREET – SOUTH VILLAGE TOWNHOUSE



Located on a picturesque Townhouse row, this one-of-a-kind home is easily converted to a single family. The lower half and all mechanicals are gut renovated to an unprecedented standard. The heated pool is Collector quality. Four Fireplaces and unlimited potential.

\$6.585M

20 EAST 9TH STREET – PRIME CENTRAL VILLAGE



In the heart of the 'Gold Coast' of Central Greenwich Village, this breathtaking, spacious one bedroom home is perfectly positioned on a sunny south West corner of the Breevort East, one of Manhattan's finest co-operative full service buildings.

\$1,3M

40 EAST 20TH STREET – FLATIRON TREASURE



NEW! This gorgeous 2 Bed / 2 bath full floor pre-war loft features exposed brick walls, hardwood floors and pressed tin ceilings. The private elevator opens into the loft: Northern light radiates throughout the large living/dining space with an open kitchen, perfect for entertaining. An interior study is a definite bonus. The entire apartment was recently renovated, in a newly finished out condominium with brand new lobby.

\$2,595M

444 WEST 19TH STREET – WEST CHELSEA CHIC



Super-stylish in every way, the elevator opens into this 2 bedroom, 2 bathroom showplace. The glamorous living room has a balcony and an open, sleek kitchen...the Master Suite with its own private balcony is quite superb.

\$1.895M

200 ELEVENTH AVENUE



Designed from the inside out, 200 Eleventh Avenue offers 16 residences. Homes feature double-height ceilings and oversized glass doors that open to outdoor glass balustrades facing CHELSEA COVE and the Hudson River. Only 3 remaining Units priced from \$6.25M For more info visit our web site at:

www.200eleventh.com

► FOR FURTHER INFORMATION ON ANY OF THESE PROPERTIES: (212)727-6164

JULY, 2008 REPORT: Our 5 classifications of property:

MINILUXE – THIS PRICE POINT REMAINS STRONG

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

of properties sold: 252 SIGNED (UP SLIGHTLY COMPARED TO PREVIOUS MONTH)

Average price: \$1,426m (\$1,197/sff.....EVEN compared to previous report)

Average Size: 1,198sf (DOWN SLIGHTLY compared to previous report)

OUR ANALYSIS: * Activity remains surprisingly strong.

MIDILUXE – SALES ACTIVITY CONSISTENT

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

of properties sold: 142 SIGNED (EVEN compared to previous month)

Average price: \$2,838 million (\$1,470/sf... UP SLIGHTLY compared to previous month)

Average Size: 1,933sf (UP compared to previous month)

OUR ANALYSIS: * Pricing evens out, but volume of transactions is healthy and even.

ULTRALUXE – VOLUME DOWN, PRICING BACK UP

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

of properties sold: 17 SIGNED (DOWN SLIGHTLY compared to previous report)

Average price: \$ 4,581 million (\$2,047/sf, UP NOTABLY from previous report)

Average size: 2,294sf (DOWN compared to previous month)

OUR ANALYSIS: * Price per square foot corrects itself after previous months drop.
* Sales volume dips slightly.

MEGALUXE – BUSY, YET VOLUME/PRICING SLIPS.

Large, exceptional properties, priced over \$ 5million many with private outdoor space

of properties: 17 SIGNED (DOWN from previous month)

Average price: \$6,963million (\$ 2,253/sf. DOWN NOTABLY compared to previous month)

Average size: 3,1066sf (UP compared to previous month)

* PRICING PER SQUARE FOOT DROPS, after last months out-of-character rise.
* Strong sales volume, yet slowing which is in keeping with Summer.

HOUSELUXE – A SLOWER MARKET

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

of properties: 7 (DOWN slightly compared to previous month)

Average price: \$7,805 million (DOWN slightly compared to previous month)

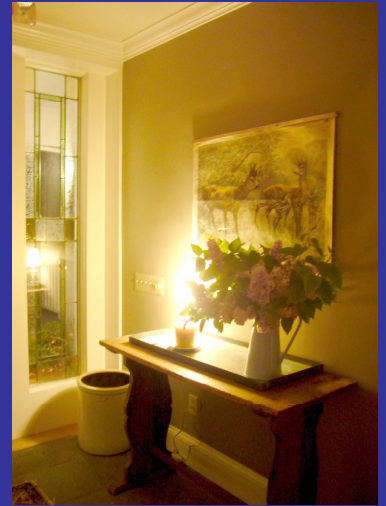
Average width: 21 feet

OUR ANALYSIS: * This market was not terribly busy in the month of June.
* Some gut renovated houses are not selling as they are priced over market.
* Most houses require gut renovation.
* Obtaining financing on some houses has become more difficult.

LUXEEATS – CUCINA – WOODSTOCK, NY

Looking for the perfect meal and setting in the country for your out-of-the-city Summer escape? Try CUCINA, the brand new restaurant in Woodstock, New York, about 2 hours drive from the City. The menu is simple, Italian cooking at its very best: try the Skinny crusted pizza with goat cheese, arugula, pear and truffle oil.... Chic, cool Belgian tones with an eclectic mix of antiques furnish the beautiful space. This is exactly what the area has been missing: The perfect blend of Country casual and City chic.

Tel: (845)679-9800



LUXEGREEN – SO, MR. BLOOMBERG, HERE IS OUR SOLUTION:

So, Mayor Bloomberg, you want us LUXURY fiends on bicycles? Here is the solution fresh from London: A 24 carat gold plated bicycle, so if you cannot take the car and driver, at least you will be able to assert your status in this town. Of course, at \$ 18,750.00 the weight of the gold combined with the weight of the price are certain to keep those Park Avenue thighs in great shape. And this could be one mode of transportation that actually increases in value!



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Leonard Steinberg & Hervé Senequier, Terry Nye and Lois Planco are consistently Downtown's leading brokers specializing in the luxury real estate market.... with a track record for integrity, professionalism and results. For more information about our unique full service brokerage, view: www.luxuryloft.comor contact us at: (212)727-6164 to learn how you can benefit from our REAL ESTATE SOLUTIONS.

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***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 others. 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.