

LUXURY LETTER

NOVEMBER, 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.

HOW TO BUY LUXURY IN THE NEW MARKET

RULE # 1: HIRE A (REALLY) GOOD BROKER. A (really) good, experienced, hard-working broker can provide a broad market perspective, current conditions as they change, identify and rate the best properties you are looking at and guide you through the entire (always challenging) process, but is even more so now in this NEW market.

RULE # 2: EDUCATE YOURSELF TO THE INVENTORY: The more you look, the more you will know. Look at every property that fits your needs and budget (look a little higher too). Look in areas you may not have previously considered. Ask more of your broker in the way of information. Research. Read. Look. Learn.

RULE # 3: THINK WARREN BUFFET: While everyone else drowns in confusion and fear, identify opportunity 'buys', not necessarily bargains. Like a lion approaching the herd, pick the best of the litter & get the best price possible.

RULE # 4: BEWARE THE BARGAIN: A bargain is ALWAYS a bargain for a reason. In a market like Manhattan, there are always enough cash-rich buyers to bid up a grossly under-priced GOOD property. If the property is bad, chances are you will be the only bidder and end up owning a 'bargain'.

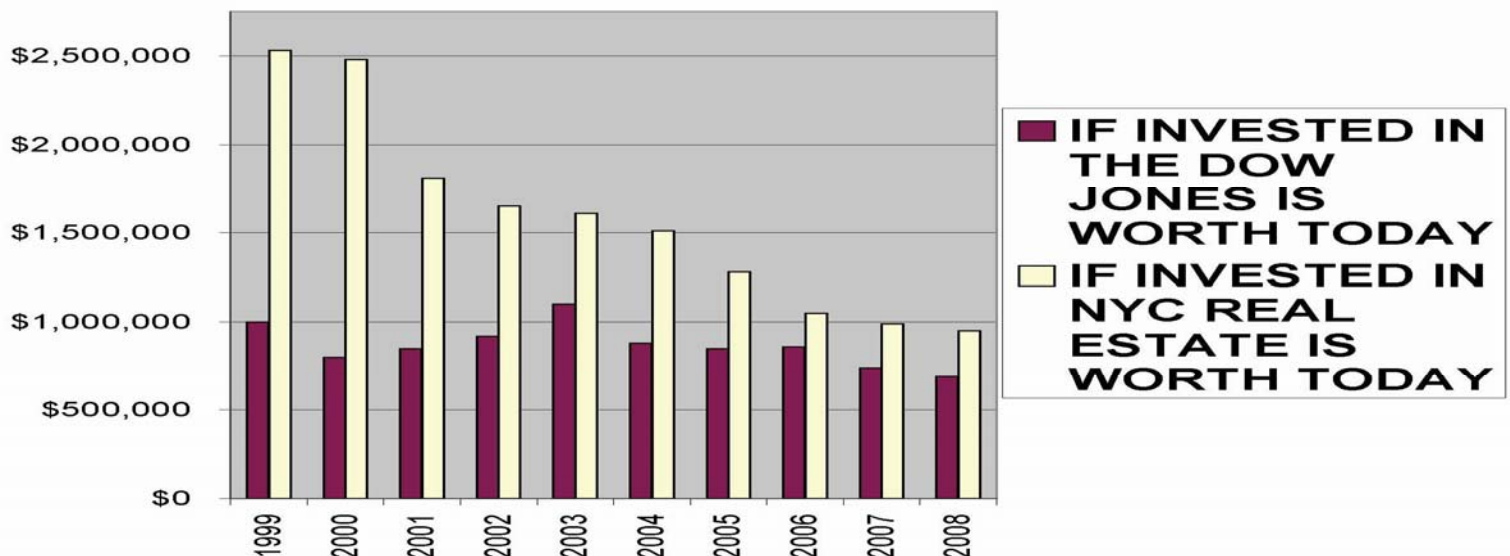
RULE # 5: LOOK FOR COLLECTOR QUALITIES: The more on your checklist of qualities that are not easily reproduced or in ready supply, the better the property, the better the buy.

RULE # 6: DO WHAT YOU CAN LIVE WITH: Buy that which you can afford, only buy if you feel committed for at least 5 years and the space serves your needs for that long, and only buy if the nervous tension of the commitment doesn't kill you. Buying in this market requires strong information, brains and balls.

RULE # 7: PREPARE YOURSELF FINANCIALLY: How are financing rates? Would renting make more sense right now? Do you need the tax write-off? Can you obtain financing? Is your credit score stellar? Is your cash better off in stocks? Your (really, really) good broker can help you through this process.

RULE # 8: THE OLD BASICS: Buy the BEST location, the best unit in the best building/the best house on the best block. Buy unique, special & difficult to reproduce. Know what you REALLY want & need for the next 5-7 years. Always make an offer (in any market, what can you lose?). Don't sacrifice quality of life for a dollar: life is short!

COMPARE A \$ 1MILLION INVESTMENT IN MANHATTAN REAL ESTATE TO THE DOW JONES....



NOVEMBER 2008 FEATURED PROPERTIES

160 W 87th STREET – CLASSIC 5 AT ITS BEST



This pristine 1300-sf Prewar Classic 5 apartment located in a prime UWS neighborhood is as unique as it is sophisticated with its striking high beamed ceilings, rich hardwood floors, and wonderful original details that lovely wainscoting and transom windows

\$1,45M

200 ELEVENTH AVENUE – THE LAST REMAINING UNITS



200 Eleventh Avenue offers just 3 remaining collector item residences featuring the En Suite Sky Garage, double-height ceilings and oversized glass doors that open to outdoor glass balustrades facing CHELSEA COVE and the Hudson River. 3 bedroom, 3,5 baths. Priced from \$6.25M

For more information visit:

www.200eleventh.com

24 WEST 11th STREET – THE ULTIMATE TOWNHOUSE



This is Central Greenwich Village's most desirable block, and this house is the most exquisitely presented re-built and renovated masterpiece, including a NEW YORK FIRST: services that include allowing for deliveries. Nothing has been compromised, and nothing compares.

\$17,5M

59 WEST 12th STREET – A RENOVATOR'S DREAM



Rarely, if ever, does a large combination of 2 apartments become available in this elegant, 24-hour doorman pre-war Bing and Bing condominium. Perched on a high floor with open views, 3 exposures (North, East and West) and a lovely terrace, this apartment is on the quiet side of the building. With 2 fireplaces and an abundance of windows, this is every renovators dream come true.

\$4.7M

133 WEST 17th STREET - PENTHOUSE PERFECTION



Everything you should want from a Chelsea penthouse: Views, light, charm, an extraordinary landscaped terrace and a prime location. With 3 bed, pre-war detail with exposed beams and brick, and superbly proportioned rooms with volume.

\$3,35M

175 W 12th STREET – OPEN WESTERN VIEWS



This unique property in a prime location in the heart of the West Village, boasts a full length terrace with open western exposures and extraordinary light. The condominium building also features a 24 hour doorman: A very special property indeed.

\$1.25M

390 WEST BROADWAY – SLEEK, STYLISH & SPACIOUS



This extraordinary floor-through home in the heart of Soho is a loft-lover's dream come true! Authentic pre-war detailing is mixed with contemporary flair providing every modern convenience in this prize location.

\$2.25M

300 EAST 71ST STREET – UPPER EAST SIDE OASIS



With charming treed exposures facing a quiet and sunny townhouse garden, this perfectly proportioned 1 bedroom apartment is located in a full service building in a superb location, with renovated kitchen and bathroom and lots of closets.

\$650,000

For further information on any of these properties or to schedule an appointment to view, please telephone: (212)727-6162

NOVEMBER, 2008 REPORT: Our 5 classifications of property:

MINLUXE - SALES VOLUME DOWN, PRICING DOWN

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

- # of properties sold: 179 SIGNED AND CLOSED (DOWN COMPARED TO PREVIOUS MONTH)
- Average price: \$1,486m (\$1,218/sf.....DOWN compared to previous report)
- Average Size: 1,208sf (EVEN compared to previous report)
- OUR ANALYSIS:
 - * Activity levels dropped again from the previous month but these figures include multiple closings in new buildings where contracts were signed many months ago.
 - * Pricing remains strong, although we are seeing much more negotiability.
 - * We see price drops. Most buyers feel the need for a price break to absorb declines.

MIDLUXE – SALES ACTIVITY EVEN & PRICING DOWN

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

- # of properties sold: 124 SIGNED AND CLOSED (EVEN compared to previous month)
- Average price: \$2,775 million (\$1,462/sf... DOWN compared to previous month)
- Average Size: 1,898sf (UP compared to previous month)
- OUR ANALYSIS:
 - * Pricing drop, but number of signed contracts is down.
 - * These figures include several new development closings where contracts were signed many months ago.

ULTRALUXE – VOLUME JUST OK / PRICING DOWN

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

- # of properties sold: 20 SIGNED AND CLOSED (UP compared to previous report)
- Average price: \$ 4,480 million (\$1,682/sf, DOWN from previous report)
- Average size: 2,685sf (UP compared to previous month)
- OUR ANALYSIS:
 - * Price per square foot drops. The volume represents many contracts signed many months ago that just closed (nervously).
 - * Lots of hesitation at this price point, although moderate signing activity has begun again.

MEGALUXE –VOLUME EVEN, PRICING DOWN

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

- # of properties: 23 SIGNED AND CLOSED (EVEN compared to previous month)
- Average price: \$8,248million (\$ 2,441/sf. DOWN compared to previous month)
- Average size: 3,348sf (DOWN compared to previous month)
 - * Pricing is down. Negotiation is up.
 - * This arena has been rather dead in the “signed contracts arena” although showings are now just picking up a bit.

HOUSELUXE – VOLUME DOWN

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

- # of properties: 4 SIGNED AND CLOSED (DOWN slightly compared to previous month)
- Average price: \$ 8,786 million (UP compared to previous month)
- Average width: 20,5 feet
- OUR ANALYSIS:
 - * Low activity: a prize townhouse at the Superior Ink went to contract just under \$ 3,000/sf

**FOR MORE SPECIFIC, DETAILED INFORMATION RELEVANT TO YOUR PROPERTY,
CONTACT LEONARD STEINBERG FOR A PRIVATE CONSULTATION: (212)727-6164**

LUXE OVERVIEW – Leonard's perspective on an extraordinary month

The markets have experienced a level of turbulence that has never been seen in recent times. The equity market roller coaster has been profound, and has eroded the net worth of many, while enriching a few. Naturally, this combined with job losses, growing state budget deficits, a contentious election, and the onset of early icy weather has made for a highly challenging luxury real estate market in Manhattan.....to say the least!

- We have witnessed ugly confrontations between buyers and sellers, even after contracts have been signed. Some buyers have shown up at closings wanting to re-negotiate price. Few are successful.
- Buyers feel more empowered now than ever before and demand major price negotiation or else they simply refuse to buy. There are far fewer qualified buyers, and raised inventory levels so their choices are greater. Cash is king (so what's new?) and those who have prepared for these times will do very well.
- There are exceptions of course for some properties but they are in the minority.
- Co-ops are being beaten up as they lose buyers whose net worth's have fizzled.
- Condo's that attracted foreign buyers are losing some of those buyers to the significantly more valuable dollar, although many buyers are reminded in these times just how much more resilient the United States economy is than a host of other economies around the world.

With all this in mind, what do we see happening in the next few months?

- Everyone is recognizing that even if the Manhattan real estate market drops significantly, it will have outperformed many other asset classes, including the Dow Jones Average....especially over the long term.
- Buyers whose assets are held in emerging economies have witnessed extreme volatility and could turn to the United States for asset security. Manhattan, an international center, is very desirable for this buyer.
- Prices could decline further: A bottoming in the rest of the country could encourage less damage in Manhattan with its limited land supply, high percentage of restrictive co-ops, and sharply decreased building activity and planned construction. Buyers who previously could not afford to buy will emerge. Some have made lots of money recently shorting stocks, buying bargains and betting on currencies.
- The rental market could decline as job losses affect this consumer more than the buyer consumer. More renter and buyer incentives and concessions will emerge.
- The brokerage community will shrink and consolidate. Obama will be president and spend lots. And the full effects of the BILLIONS of dollars infused into the banking system and economy could fuel growth. Who knows how that will affect interest rates over the long term.



Prudential Douglas Elliman Real Estate

The **LUXURYLOFT** team
REAL ESTATE SOLUTIONS

Leonard Steinberg t: (212)727-6164
Hervé Senequier t: (212)727-6162
Lois Planco t: (212)727-6150
Terry Nye e-mail: lsteinberg@elliman.com

Leonard Steinberg & Hervé Senequier, Terry Nye and Lois Planco are consistently Downtown's leading brokers specializing in the luxury real estate market with a proven track record for integrity, professionalism and results. For more information about our unique full service brokerage, view: www.luxuryloft.com or call: (212)727-6164
REAL ESTATE SOLUTIONS.

Prudential Douglas Elliman
26 West 17th Street 7th Floor
New York, NY 10011

***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.