



# MANHATTAN SALES

Quarterly Survey of Co-op & Condo Sales

2Q-2012

# ELLIMANREPORT

## CO-OPS & CONDOS

### • Housing prices remained stable as shift in mix to entry-level sales continued

Median sales price slid 2.5% to \$829,000 from the prior year quarter. The decline was largely due to a 20.3% shift to more lower-priced entry-level sales. Record low mortgage rates and rising rents fueled first-time buyer demand.

### • Overall number of sales stabilized: co-ops up, condos down

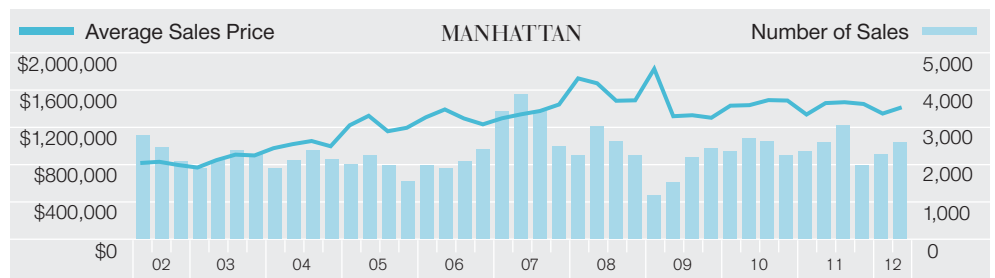
There were 2,647 sales in the second quarter, essentially unchanged from the prior year quarter. Co-op sales increased 10.9% and condos declined 11.8% over the same period.

### • Active inventory fell bringing second fastest absorption rate, since 2007

There were 6,981 listings in the second quarter, 13.5% less than in the prior year quarter. This brought the absorption rate down to 7.9 months, the second fastest pace since 2007. New development listings dropped 20% and re-sales declined 11.8% over same period.

Manhattan Market Matrix	2Q-2012	% Chg (QTR)	1Q-2012	% Chg (YR)	2Q-2011
Average Sales Price	\$1,408,878	5.0%	\$1,341,589	-3.2%	\$1,455,098
Average Price per Sq Ft	\$1,065	-1.9%	\$1,086	-0.3%	\$1,068
Median Sales Price	\$829,000	7.0%	\$775,000	-2.5%	\$850,000
New Development	\$1,025,000	5.1%	\$975,000	-9.3%	\$1,130,000
Re-sale	\$790,000	7.1%	\$737,500	-0.6%	\$795,000
Number of Sales	2,647	14.5%	2,311	-0.1%	2,650
Days on Market (From Last List Date)	165	8.6%	152	21.3%	136
Listing Discount (From Last List Price)	5.1%		6.3%		3.5%
Listing Inventory	6,981	-7.7%	7,560	-13.5%	8,070
Absorption Rate (mos)	7.9	-19.4%	9.8	-13.2%	9.1
Pending Price Index (1Q 08 = 100)*	98.92	10.0%	89.93	-2.5%	101.49
Pending Sales Index (1Q 08 = 100)*	162.71	24.8%	130.34	5.2%	154.61

\* The pending sale and pending price indices are based on contract data collected during the normal course of business by Miller Samuel and Prudential Douglas Elliman.



activity has remained consistent, as much of the former shadow inventory created during the recent housing boom has been absorbed. Economic uncertainty abroad and the weak US dollar brought more foreign buyers looking for an investment safe haven, resulting in a higher frequency of high-end "trophy" transactions.

While price indicators showed modest declines from prior year levels, it was largely the result of a 6.7% jump in entry-level sales and a 3.6% increase in sales below \$500,000. Median sales price declined 2.5% to \$829,000 from \$850,000 in the prior year quarter. Average

sales price followed the same pattern declining 3.2% to \$1,408,878 from \$1,455,098, over the same period. Average price per square foot was essentially unchanged at \$1,065 over the same period.

There were 2,647 sales in the second quarter, 8.1% higher than the 2,448 sale quarterly average over the past five years. The number of sales were essentially unchanged from the prior year levels, but there was significant disparity between co-op and condo results. Co-op sales increased 10.9% and condos declined 11.8% over the prior year quarter results. Listing inventory fell 13.5%

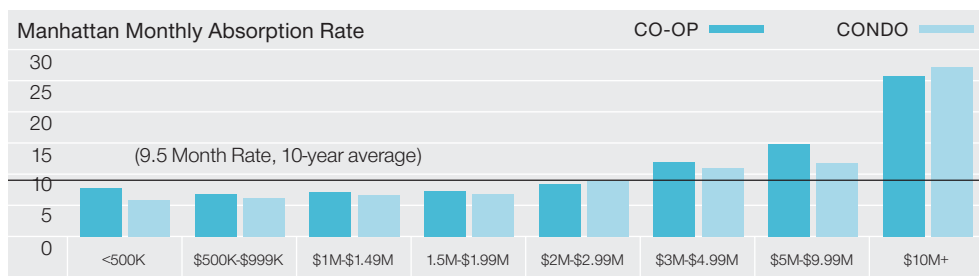
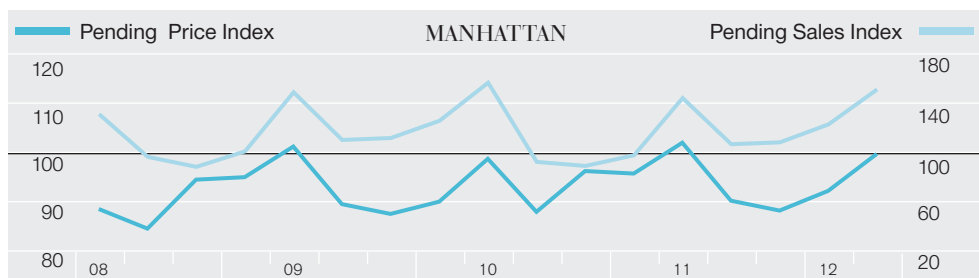
For the past several years and through the second quarter, the overall Manhattan housing market has shown price and sales stability, holding its position as one of the better performing housing markets in the US. The combination of mortgage rates declining to record lows and rents rising as a result of tight credit and rising employment has fueled a surge in entry-level buyers over the past nine months. The market share for new development

The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market in the New York City metropolitan region. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and provide comprehensive analysis of the results.



over the same period with new development inventory falling at a 20% pace, faster than 11.8% seen for re-sales. As a result, the monthly absorption rate fell to 7.9 months, the fastest market pace in more than 4 years.

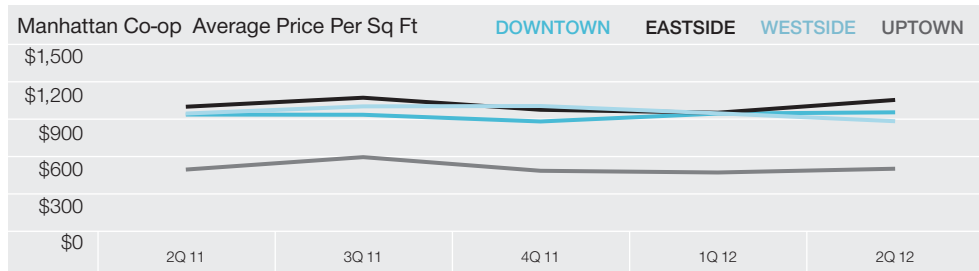
This past year's trend of declining inventory outpacing sales activity was consistent with the national phenomenon. Sellers waiting for the global economic circumstances to stabilize lacked a sense of urgency, as their property values remained below original purchase prices, or they lacked sufficient equity in their present homes to trade up. Unlike many US metro markets, the Manhattan market has limited exposure to distressed activity, but it is also subject to pervasive irrational mortgage underwriting standards currently employed by lenders.



## CO-OPS

- **Studio sales surged** Rising rents and falling mortgage rates continued to push people into the purchase market. Studio sales increased 24.7% over the prior year quarter.
- **Price indicators slipped with shift in mix to smaller apartments** Median sales price slipped 5% to \$665,000 due to the increase in first-time buyers purchasing entry-level apartments.
- **Monthly absorption rate declined to fastest pace since 2009** The combination of a 10.9% increase in the number of sales and a 12.4% decline in inventory resulted in a 7.5-month monthly absorption rate.

Co-op Market Matrix	2Q-2012	% Chg (QTR)	1Q-2012	% Chg (YR)	2Q-2011
Average Sales Price	\$1,191,992	20.2%	\$991,354	-2.5%	\$1,222,944
Average Price Per Sq Ft	\$964	3.7%	\$930	0.3%	\$961
Median Sales Price	\$665,000	4.2%	\$638,000	-5.0%	\$700,000
Number of Sales	1,515	10.0%	1,377	10.9%	1,366
Days on Market (From Last List Date)	160	37.9%	116	34.5%	119
Listing Discount (From Last List Price)	3.8%		6.1%		4.6%
Listing Inventory (Active)	3,793	-9.0%	4,170	-12.4%	4,332
Absorption Rate (Monthly, Active)	7.5	-17.6%	9.1	-21.1%	9.5



Two of the three price indicators posted declines as market share of lower priced 1-bedroom and 2-bedroom sales increased due to declining mortgage rates and rising rents. Largely as a result of the shift in the mix to lower priced properties, median sales price declined 5% to \$665,000 from \$700,000 in the prior year quarter. Average sales price followed the same pattern with a 2.5% decline to \$1,191,992 from \$1,222,944 over the same period. Price per square foot was \$964, essentially unchanged from the same period last year.

The number of sales jumped as buyers moved from the rental to the purchase market. There were 1,515 sales, 10.9% more than 1,366 in the

Quintiles	Med. Sales Price	% Chg (YR)
5/5	\$2,100,000	-8.7%
4/5	\$953,750	-4.5%
3/5	\$640,000	-5.2%
2/5	\$470,000	-1.1%
1/5	\$305,000	-6.2%

prior year quarter. Listing inventory fell 12.4% to 3,793 from 4,332 over the same period. As a result, the monthly absorption rate fell to 7.5, its lowest level since 2009, reflecting the accelerating pace of the market. Co-ops accounted for 57.2% of all apartment sales and 54.3% of all active apartment listings.

Co-op Mix	Sales Share	Med. Sales Price
Studio	18.0%	\$338,000
1 bedroom	39.5%	\$566,637
2 bedroom	31.0%	\$1,050,000
3 bedroom	9.0%	\$2,000,000
4+ bedroom	2.4%	\$5,250,000

Days on market jumped from 119 to 160 days as the declining inventory continued to work off older listings. The listing discount slipped to 3.8% from 4.6% in the same quarter last year. The monthly maintenance charge for all sales increased 9% to \$1.70 a square foot per month from \$1.56 a square foot per month in the prior year quarter.

## CONDOS

### • The decline in listing inventory outpaced the decline in number of sales

There were 3,188 listings at the end of the second quarter, down 14.7% from the prior year quarter. Number of sales declined 11.8% to 1,132 over the same period.

### • Days on market expanded as older listings were more readily absorbed

The average days on market was 172, 17 days more than in the same quarter last year. Marketing time appeared to expand as the continued decline and older listings being absorbed caused a temporary skew in the metric.

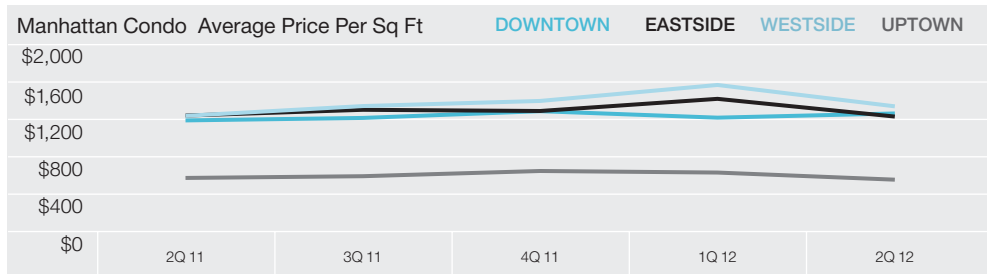
### • Price indicators edged higher

Median sales price increased 2.8% to \$1,100,000 from the same quarter last year. Price per square foot increased 1.6% to \$1,201 over the same period.

The condo price indicators edged higher in the second quarter. Median sales price was up 2.8% to \$1,100,000 from \$1,070,000 in the prior year quarter. Average sales price was essentially unchanged at \$1,699,144 over the same period. Average price per square foot increased 1.6% to \$1,201 from \$1,182 in the prior year quarter.

Monthly carrying costs, including common charges and real estate taxes, were \$1.57 a square foot per month, up 8.3% from \$1.45 a square foot per month in the same period last year, but unchanged from the prior quarter.

Condo Market Matrix	2Q-2012	% Chg (QTR)	1Q-2012	% Chg (YR)	2Q-2011
Average Sales Price	\$1,699,144	-8.5%	\$1,857,943	-0.2%	\$1,702,079
Average Price Per Sq Ft	\$1,201	-8.8%	\$1,317	1.6%	\$1,182
Median Sales Price	\$1,100,000	4.8%	\$1,050,000	2.8%	\$1,070,000
Number of Sales	1,132	21.2%	934	-11.8%	1,284
Days on Market (From Last List Date)	172	-16.5%	206	11.0%	155
Listing Discount (From Last List Price)	6.8%		6.6%		2.3%
Listing Inventory (Active)	3,188	-6.0%	3,390	-14.7%	3,738
Absorption Rate (Monthly, Active)	8.4	-22.9%	10.9	-3.4%	8.7



Quintiles	Med. Sales Price	% Chg (YR)	Condo Mix	Sales Share	Med. Sales Price
5/5	\$3,600,000	4.3%	Studio	12.4%	\$442,500
4/5	\$1,750,000	1.4%	1 bedroom	34.2%	\$825,000
3/5	\$1,100,000	1.7%	2 bedroom	33.2%	\$1,450,000
2/5	\$750,000	0.0%	3 bedroom	15.6%	\$2,793,000
1/5	\$432,975	-11.5%	4+ bedroom	4.6%	\$5,150,000

There were 1,132 sales in the second quarter, 11.8% below 1,284 sales in the same quarter last year. Listing inventory fell 14.7% to 3,188 from 3,738 in the prior year quarter. Since the decline in listing inventory outpaced the decline in the number of sales, the pace of the market quickened. The monthly absorption rate fell to 8.4 months, the third slowest pace in two years,

reflective of the continued contraction of supply. Re-sales accounted for 77.4% of all condo sales and 61.7% of all condo inventory. Days on market expanded to 172 days from 155 days in the prior year quarter. Re-sales spent an average of 151 days on market, while new developments spent an average of 216. Listing discount was 6.8%, up sharply from 2.3% in the prior year quarter.

## LOFTS

### • Price indicators generally edged higher

Median sales price increased 4.4% to \$1,749,000 from the prior year quarter. Price per square foot edged up 1.1% to \$1,182 over the same period.

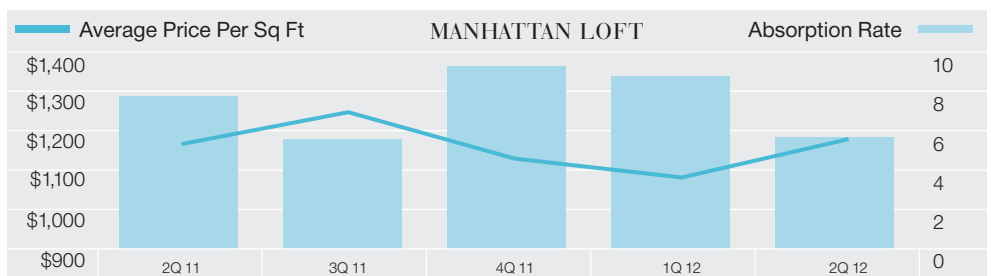
### • Pace of market accelerated and the number of sales jumped as inventory fell

The number of sales jumped 23.8% to 255 from the prior year quarter as listing inventory declined 10.6% to 473 over the same period.

### • Average size of a loft sale fell

The average square footage of a loft apartment that sold in the second quarter was 1,756, 7.8% below prior year levels.

Loft Market Matrix	2Q-2012	% Chg (QTR)	1Q-2012	% Chg (YR)	2Q-2011
Average Sales Price	\$2,076,115	10.8%	\$1,873,735	-6.7%	\$2,225,812
Average Price Per Sq Ft	\$1,182	9.2%	\$1,082	1.1%	\$1,169
Median Sales Price	\$1,749,000	19.0%	\$1,470,000	4.4%	\$1,675,000
Number of Sales	255	70.0%	150	23.8%	206
Days on Market (From Last List Date)	149	16.4%	128	35.5%	110
Listing Discount (From Last List Price)	5.2%		8.8%		1.9%
Listing Inventory (Active)	473	8.7%	435	-10.6%	529
Absorption Rate (Monthly, Active)	5.6	-35.6%	8.7	-27.3%	7.7

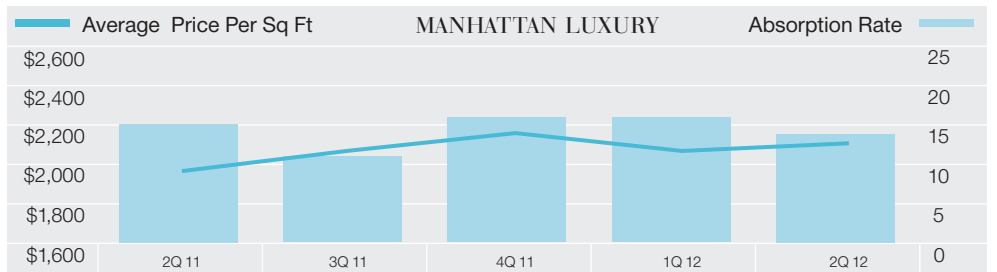


Note: This sub-category analyzes all co-op & condo loft sales available. The data is also contained within the co-op & condo markets presented.

## LUXURY

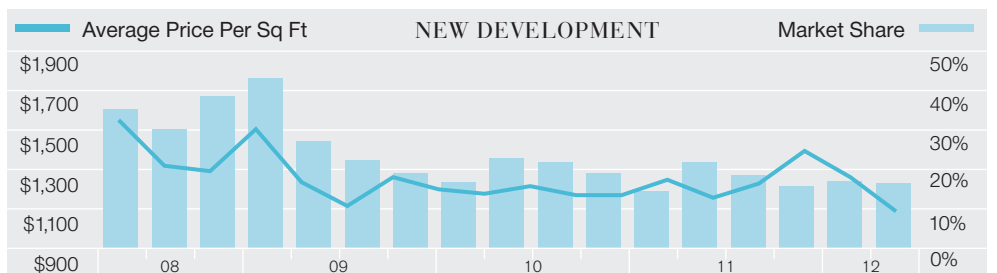
- **Days on market and listing discount expanded** The average time to sell an apartment increased 3.5 weeks and the spread between list price and contract price expanded to 4.6% compared to the prior year quarter.
- **Price indicators were mixed** Median sales price declined 10.4% to \$4,075,000 from the prior year quarter as price per square foot increased 7.4% to \$2,113 over the same period.
- **Listing inventory continued to decline** There were 1,204 listings in the second quarter, 8.2% less than in the same period last year.

Luxury Market Matrix	2Q-2012	% Chg (QTR)	1Q-2012	% Chg (YR)	2Q-2011
Average Sales Price	\$5,726,086	3.0%	\$5,558,629	-0.9%	\$5,776,825
Average Price Per Sq Ft	\$2,113	1.9%	\$2,073	7.4%	\$1,968
Median Sales Price	\$4,075,000	-1.2%	\$4,125,000	-10.4%	\$4,550,000
Number of Sales	265	14.7%	231	0.0%	265
Days on Market (From Last List Date)	162	-25.7%	218	17.4%	138
Listing Discount (From Last List Price)	4.6%		1.2%		2.3%
Listing Inventory (Active)	1,204	-0.7%	1,212	-8.2%	1,312
Absorption Rate (Monthly, Active)	13.6	-13.4%	15.7	-8.7%	14.9

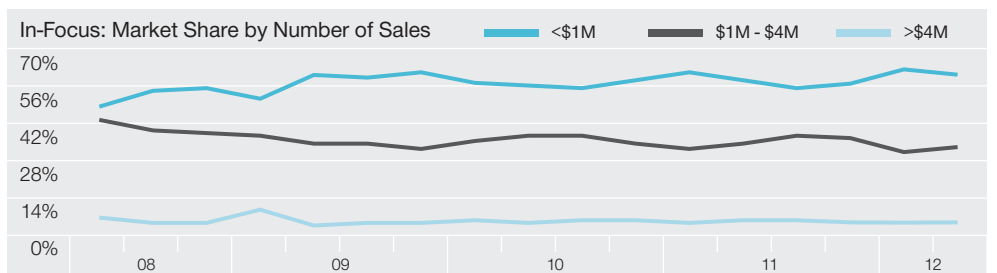


Note: This sub-category analyzes the top 10% of all co-op & condo sales. Data is also contained within the co-op and condo markets presented.

New Development Market Matrix	2Q-2012	% Chg (QTR)	1Q-2012	% Chg (YR)	2Q-2011
Average Sales Price	\$1,547,083	-9.3%	\$1,705,563	-5.3%	\$1,633,367
Average Price Per Sq Ft	\$1,092	-13.5%	\$1,263	-5.9%	\$1,160
Median Sales Price	\$1,025,000	5.1%	\$975,000	-9.3%	\$1,130,000
Number of Sales	433	10.7%	391	-25.0%	577
Days on Market (From Last List Date)	217	-21.9%	278	9.0%	199
Listing Discount (From Last List Price)	10.8%		8.8%		6.2%
Listing Inventory (Active)	1,300	-13.0%	1,495	-20.0%	1,626
Absorption Rate (Monthly, Active)	9.0	-21.7%	11.5	5.9%	8.5



Note: This sub-category analyzes new development co-op & condo sales. Data is also contained within the co-op and condo markets presented.



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## IN-FOCUS

- **Third highest market share of sub-million since 2009** Record low mortgage rates pressed this segment above 60% for the second consecutive quarter.
- **The \$1M to \$4M market continued to lose market share** The market continued looks like a "donut" with stability at the high end and rising share at the lower end, with a "hole in the middle."

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