



# RPX MONTHLY MANHATTAN NEIGHBORHOODS REPORT

Release Date: July 23, 2009

May 2009

## ***Key Characteristics***

- The RPX transaction count in the Manhattan condominium market declined 61.2% compared to May 2008. All eight Manhattan neighborhoods decreased significantly in terms of transaction counts.
- Manhattan Condominium RPX prices declined significantly year-over-year. The Manhattan Condominium RPX was 22% lower than its May 2008 levels and 18.2% lower than it was in April 2009.
- Due to low transaction volumes in some Manhattan neighborhood condo markets, particularly the East Village/Lower East Side and the Financial District, month-over-month changes in aggregate prices and transaction counts based on observed sales may not accurately reflect the dynamics of those markets on the whole. Nevertheless, it is safe to say that prices and transaction counts in all eight Manhattan neighborhoods have fallen significantly since May 2008, and that the virtual standstill in Manhattan transactions points to prolonged weakness in the Manhattan condo market.
- New unit sales dropped from roughly 25% of total sales in April 2009 to only 9.6% of total sales in May 2009. This will be problematic for Manhattan condo prices as new unit sales have made the Manhattan housing market seem relatively resistant to the greater housing crisis and have kept prices high.

## ***Discussion***

While many of the housing markets around the country are improving, the Manhattan condo market is exhibiting signs of weakness. May 2009 was one of the worst months observed for the Manhattan condo market due to low volume and plummeting price per square foot values.

Transaction counts continue to remain low and unlike April, when prices remained flat, the month of May was marked by significant price declines totaling 18.2% for the Manhattan Condominium RPX month-over-month. On a more granular level, some neighborhoods saw greater declines than others. Month-over-month, the Financial District and Chelsea/West Village neighborhoods declined by 40.1% and 22.7%, while modest gains of 3.4% and 3.3% were observed in the Upper West Side and Midtown/Clinton Neighborhoods. However, given the small sample sizes caused by low activity in sales, these percent changes may be more volatile than the actual market.

Comparing May 2009 to May 2008, all of the Manhattan neighborhoods for which Radar Logic publishes daily prices have lost a significant amount of value. The hardest hit neighborhoods are the Financial District, Soho/Tribeca and Chelsea/West Village neighborhoods, which have lost 38%, 30.9% and 23.3% in year-over-year price per square foot value. The price per square foot declines are due in part to the rapid decrease of new unit sales in the Manhattan neighborhoods. Previously, new unit sales have comprised about a third of total unit transactions and in some neighborhoods have accounted for over half of total unit sales.

In the month of May only 9.6% of total transactions were made up of new unit transactions and four of the eight neighborhoods had no new unit transactions. The only neighborhood to maintain a high percentage of new unit transactions

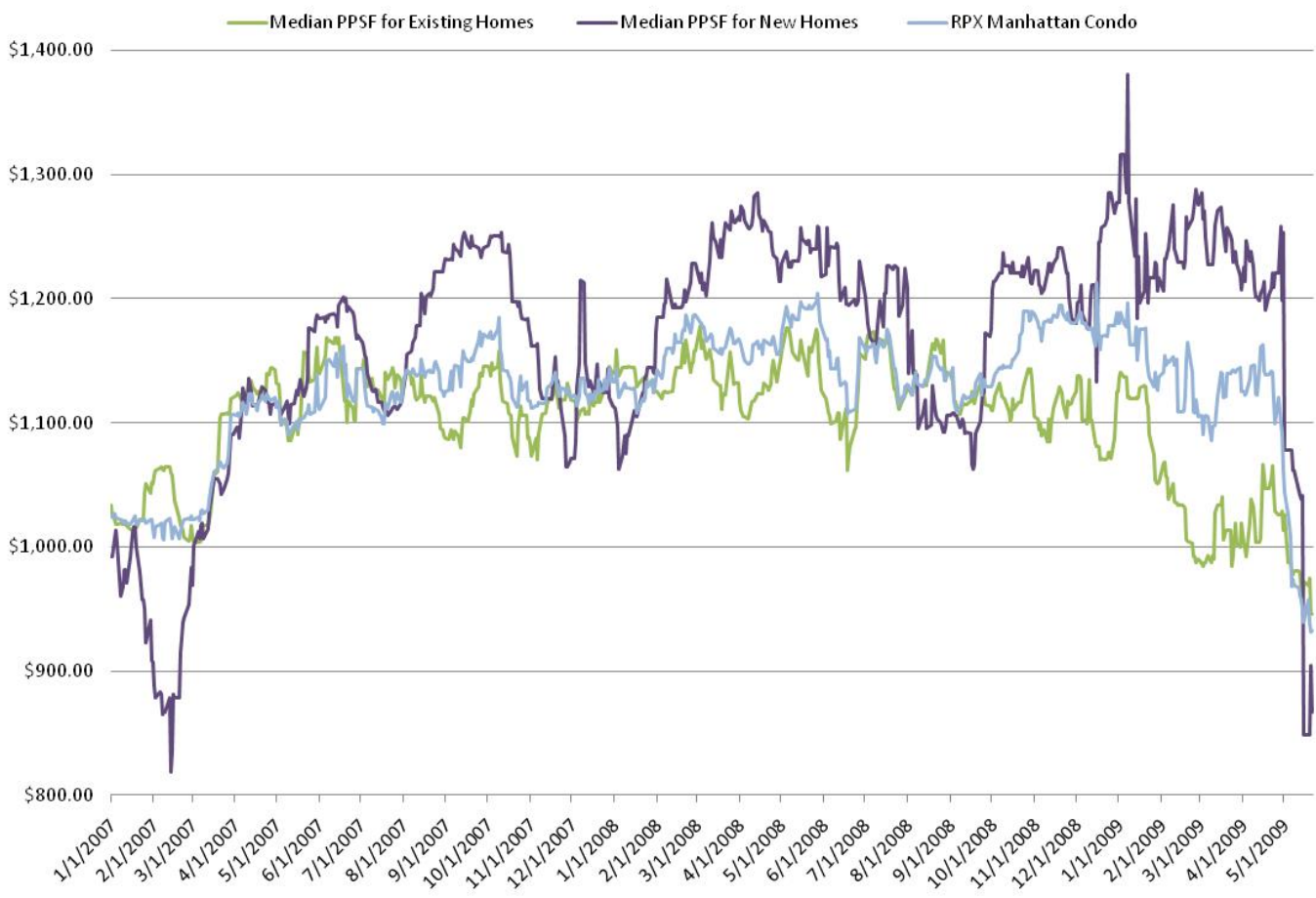
was the Upper East Side. New unit transactions accounted for 26% of total unit transactions in the Upper East Side, which totaled more new unit transactions than all the other neighborhoods combined.

As has been stated in previous reports, prices in new unit sales often reflect market conditions 18 to 24 months earlier. This lag is created when contracts for new units are negotiated one to two years in advance of closing. Currently, it seems that these lagging sales are clearing out of the Manhattan condo market, which could mean that prices will begin correcting while much of the nation begins to see price recovery. In effect, Manhattan may be entering the housing crisis while other MSAs are stabilizing, which creates the possibility of prolonged downturn for the Manhattan condo market. This possibility is increasingly likely if transactions in the Manhattan market do not increase in the near future.

Looking at Exhibit 1, it seems that the new unit sales that have fueled the Manhattan condo market are running out of steam. The drop-off in the median price of new unit sales is striking considering the increase in the velocity of the downward trend. While prices in new and existing condo sales have frequently moved inversely to one another over the last two years, they have become more highly correlated as they have declined over the past month.

**Exhibit 1: Manhattan Condo Prices: New Units vs. Existing Units**

Source: Radar Logic



### Exhibit 1: Manhattan Neighborhoods Ranked by 1-Year % Change\*

May 2009 Rank	Apr 2009 Rank	Neighborhood	PPSF on May 21, 2009	May 2009 vs. May 2008	May 2008 vs. May 2007	May 2009 vs. Apr 2009	May 2008 vs. Apr 2008
1	6	Midtown/Clinton	\$1,063.55	-13.2%	3.7%	3.3%	-4.6%
2	4	East Village/Lower East Side	\$990.10	-17.1%	2.5%	-19.5%	-7.3%
3	5	Murray Hill/Gramercy	\$947.04	-18.7%	9.4%	-0.3%	7.5%
4	2	Upper East Side	\$894.31	-19.0%	1.3%	-20.1%	-0.1%
5	8	Upper West Side	\$961.79	-20.2%	9.6%	3.4%	-6.1%
6	3	Chelsea/West Village	\$977.86	-23.3%	10.2%	-22.7%	0.6%
7	7	Soho/Tribeca	\$1,027.30	-30.9%	21.6%	-10.0%	3.6%
8	1	Financial District	\$698.13	-38.0%	16.6%	-40.1%	3.0%

Manhattan Neighborhoods are subsets of the New York MSA

■ = positive ■ = neutral ■ = negative

### Exhibit 2: Transaction Counts\*

	May 2008	Apr 2009	May 2009
Chelsea/West Village	36	22	13
East Village/Lower East Side	16	11	9
Financial District	31	12	6
Murray Hill/Gramercy	34	15	14
Midtown/Clinton	103	19	32
Soho/Tribeca	16	11	12
Upper East Side	76	42	35
Upper West Side	58	25	35

### Exhibit 3: Transaction Counts % Change\*

	May 2009 vs. May 2008	May 2009 vs. Apr 2009
Soho/Tribeca	-25.0%	9.1%
Upper West Side	-39.7%	40.0%
East Village/Lower East Side	-43.8%	-18.2%
Upper East Side	-54.0%	-16.7%
Murray Hill/Gramercy	-58.8%	-6.7%
Chelsea/West Village	-63.9%	-40.9%
Midtown/Clinton	-68.9%	68.4%
Financial District	-80.7%	-50.0%

### Exhibit 4: Manhattan Neighborhoods Ranked by 2-Year and 5-Year Annualized Change\*

Leading 5 Manhattan Neighborhoods (2-Year Annualized % Change)		
Rank	Neighborhood	% Change
1	Midtown/Clinton	-5.2%
2	Murray Hill/Gramercy	-5.7%
3	Upper West Side	-6.5%
4	East Village/Lower East Side	-7.8%
5	Chelsea/West Village	-8.1%

Trailing 5 Manhattan Neighborhoods (2-Year Annualized % Change)		
Rank	Neighborhood	% Change
1	Financial District	-15.0%
2	Upper East Side	-9.4%
3	Soho/Tribeca	-8.3%
4	Chelsea/West Village	-8.1%
5	East Village/Lower East Side	-7.8%

Leading 5 Manhattan Neighborhoods (5-Year Annualized % Change)		
Rank	Neighborhood	% Change
1	Midtown/Clinton	6.6%
2	Murray Hill/Gramercy	6.2%
3	Soho/Tribeca	5.4%
4	East Village/Lower East Side	4.5%
5	Upper East Side	2.5%

Trailing 5 Manhattan Neighborhoods (5-Year Annualized % Change)		
Rank	Neighborhood	% Change
1	Financial District	-0.2%
2	Upper West Side	2.2%
3	Chelsea/West Village	2.2%
4	Upper East Side	2.5%
5	East Village/Lower East Side	4.5%

\* Source: 28-Day RPX value for each Manhattan Neighborhood as of 5/21/2009. Please refer to [www.radarlogic.com/disclosure\\_disclaimer.html](http://www.radarlogic.com/disclosure_disclaimer.html) for more information.

## **About Radar Logic**

Radar Logic Incorporated, a real estate data and analytics company, calculates and publishes the Radar Logic Daily™ Prices. The prices track housing values for major U.S. metropolitan areas and are the basis of the Residential Property Index™ (RPX™), a market that enables real estate to be traded as a liquid asset, via property derivatives marketed by major financial institutions.

RPX allows real estate and financial professionals to manage opportunity and risk, invest in real estate values without owning physical assets and effectively analyze markets using a consistent metric: price per square foot. Data in the RPX Monthly Manhattan Neighborhoods Report reflect the 28-day aggregated value of Radar Logic Daily Prices. The price per square foot metric used significantly reduces the influence of property sizes on overall housing price trends, which can skew results.

The Daily Prices are not adjusted for seasonal variations. In some cases, Daily Prices may vary based on reporting characteristics within individual markets.

## **RPX Analytics & Research**

Radar Logic offers specialized analytic services which allow real estate and financial professionals to view current and historical price per square foot and transaction count trends for all markets and sub-markets we track. MSAs and neighborhoods can be segmented by location (zip code and county), property type (single family, multi-family and condo), property size, date range, and sale price. The database is derived from our neutral, public source records.

Our web-based tools provide a means for all entities associated with or affected by housing prices to maintain market data streams on a constant, neutral and daily updated basis.

For additional insight on this report or for inquiries about research or analytic products, please contact:

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