RPX MONTHLY
MANHATTAN NEIGHBORHOODS REPORT

Release Date: August 2, 2010 May 2010

The Manhattan Condo Market: Better Off than Last Year, but Not Yet out of the Woods

The RPX Manhattan Condominium Price increased in May 2010 relative to the prior year period, but it remained 16% below its peak in late 2008. Condo prices fell rapidly in May 2009 (-12.7% month over month) and since then they have exhibited a gradual upward trend, rising 6.7% year over year. Month-to-month growth in condo prices in May 2010 was de minimis, which suggests a relatively moribund Manhattan condo market at a time of year when prices typically rise.

In May 2009, Manhattan condominium sales dropped to their lowest rate since the beginning of Radar Logic's 10-year data history. Since then the RPX Manhattan Condominium Transaction Count has doubled, but remains below its 10-year average. On an absolute basis, May's transaction count does not suggest robust sales activity relative to history. The bulk of the sales growth from May 2009 to May 2010 involved sales of existing units. New-unit sales increased as well, rising to 21% of total sales from 15% a year earlier. Buyers purchased larger units than they did last year, prompting the median unit size in condo sales to increase 15%. This phenomenon was particularly pronounced in sales of new units, in which the median unit size increased from 766 square feet in May 2009 to 1,356 square feet in May 2010.

Key Observations

- As of May 31, 2010, the RPX Manhattan Condominium Price had increased 6.7% year over year, to $1,017.49 per square foot from $953.64 per square foot in May 2009, but it was still 16% below its peak at the end of 2008. Condo prices fell rapidly in May 2009 (down 12.7% month over month) and since then they have exhibited a gradual upward trend (please see Exhibit 4).
- The RPX Manhattan Condominium Price remained essentially flat in May relative to April 2010, posting a de minimis 0.1% gain.
- The rate of condo transactions in May 2010 was almost double that in May 2009, when sales activity had dropped to its lowest level since the beginning of Radar Logic's historical data in January 2000. The May 2010 sales rate was roughly 4% below the average sales rate in Manhattan over the last 10 years, and 6% below the average sales rate during the month of May over the last 10 years.
- While sales of foreclosed condominiums at auction and in REO sales remain rare in Manhattan, accounting for just over 2% of total condo sales in May 2010, there is a significant inventory of foreclosed units currently for sale. According to Foreclosure.com, there were 45 foreclosed homes and 383 "preforeclosure" homes for sale in Manhattan as of July 28.[1] To provide some context, the RPX Manhattan Condominium Transaction Count for the 28 days ending May 31, 2010, was 353. The presence of these units on the market weighs on the RPX Manhattan Condominium Price, both by virtue of the fact that they increase the available supply of housing in an environment of constrained demand,

[1] According to Foreclosure.com, "preforeclosures" are homes whose owners have defaulted on their loan payments and whose lenders have initiated the foreclosure procedure, but have not yet put the home to auction. They are put on the market by the current owner with the lender's permission, and if they sell the transaction would be considered a "short sale."

and by virtue of the fact that they represent a low-priced alternative to condominiums for sale by non-distressed homeowners and developers.[2]

- Year-over-year gains in condo sales were driven by sales of existing units. Seventy-two percent of the additional sales in May 2010 relative to the prior year period were sales of existing units.
- New-unit sales increased considerably in their own right, rising 188% relative to the prior year period. New unit sales increased from 15% of total Manhattan condominium sales in May 2009 to 21% of total condo sales in 2010.
- The median size of condos sold in Manhattan increased 15% year over year, from 825 square feet in May 2009 to 951 square feet in May 2010. The median size of new units sold increased 77% year over year, from 765.5 square feet in May 2009 to 1,356 square feet in May 2010.
- Six of the eight RPX Manhattan Neighborhood Prices increased on a year-over-year basis, one was flat year over year, and one declined. The Financial District posted the largest year-over-year gain (35.7%) but that figure is unreliable due to a very low transaction count in the prior year period (please see Exhibit 2). The year-over-year gains reported for the Upper West Side, the Upper East Side and Midtown/Clinton (7.2%, 5.5% and 3.9%, respectively) are more reliable. The only neighborhood to post a year-on-year decline was the East Village/Lower East Side (-9.0%), but low transaction counts in May 2009 cast doubt on the reliability of that figure as well.
- Four neighborhoods post month-over-month increases in RPX prices: Soho/Tribeca, Upper West Side, Upper East Side and Midtown. Four posted month-over-month declines: Financial District, Murray Hill/Gramercy, Chelsea/West Village and East Village/Lower East Side.
- All eight of the neighborhoods tracked by Radar Logic posted year-over-year gains in sales activity. The largest gain in percentage terms was in the Financial District, where the rate of transactions increased 550%. The size of the gain in percentage terms reflects the very low transaction count in the prior year period mentioned above.
- We have done some research into the rental market in Manhattan as well. There has been much written about a "rebound," so we asked some people who actually know (landlords). Rents, it seems, fell about 25% from their peak, according to our sources, driven by what was described as 'doubling up,' that is young renters sharing apartments rather than living on their own. As prices fell and incentives grew, they started moving into their own places and as a result the market has 'stabilized.' One source suggested that rents had increased by about 2-3% from their bottom and he was trying to remove some of the incentives that have been offered lately. When asked about his view of whether or not the market was really firming, his response was a clear 'no.' In this particular landlord's view, the market would be flat at best for some time.

[2] A significant percentage the listings on Foreclosure.com have an "unknown" property type, and may not be condominiums. Therefore they may not be reflected in the RPX Manhattan Condominium Price when they sell.

Neighborhood	Constituent Zip Codes
Upper West Side	10023, 10024, 10025
Upper East Side	10021, 10028, 10065, 10075, 10128
Midtown / Clinton	10017, 10018, 10019, 10020, 10022, 10036
Murray Hill / Gramercy	10010, 10016
Chelsea / West Village	10001, 10011, 10014
East Village / Lower East Side	10002, 10003, 10009
Soho / Tribeca	10007, 10012, 10013
Financial District	10004, 10005, 10006, 10038, 10280

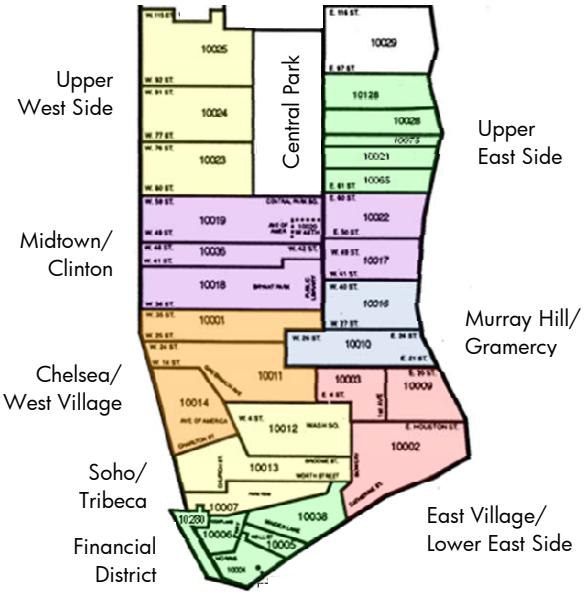


Exhibit 1: Manhattan Neighborhoods Ranked by 1-Year % Change[3]

May 31, 2010 Rank	April 30, 2010 Rank	Neighborhood	PPSF on May 31, 2010	May 31, 2010 vs. May 29, 2009	May 29, 2009 vs. May 30, 2008	May 31, 2010 vs. Apr 30, 2010	May 29, 2009 vs. Apr 30, 2009
1	8	Financial District	$868.70	35.7%	-38.2%	-0.1%	-38.4%
2	2	Soho/Tribeca	$1,111.11	13.7%	-34.0%	3.5%	-6.9%
3	6	Chelsea/West Village	$1,063.83	7.6%	-23.8%	-5.0%	-21.7%
4	3	Upper West Side	$1,000.11	7.2%	-22.9%	0.2%	-6.2%
5	7	Upper East Side	$949.55	5.5%	-21.8%	1.7%	-15.7%
6	5	Midtown/Clinton	$1,097.37	3.9%	-14.9%	8.9%	1.8%
7	1	Murray Hill/Gramercy	$982.53	-0.1%	-10.6%	-3.1%	3.1%
8	4	East Village/Lower East Side	$968.66	-9.0%	-2.9%	-6.8%	1.0%
		Manhattan Condominium	$1,017.49	6.7%	-19.0%	0.1%	-12.7%

Manhattan Condominium and Manhattan Neighborhoods are subsets of the New York MSA ■= positive ■ = neutral ■= negative

Exhibit 2: Transaction Counts[4]

	May 29, 2009	Apr 30, 2010	May 31, 2010
Chelsea/West Village	20	39	39
East Village/Lower East Side	8	14	16
Financial District	6	43	39
Murray Hill/Gramercy	14	33	23
Midtown/Clinton	35	63	59
Soho/Tribeca	10	25	19
Upper East Side	44	66	54
Upper West Side	32	60	76

Exhibit 3: Transaction Counts % Change[4]

	May 31, 2010 vs. May 29, 2009	May 31, 2010 vs. Apr 30, 2010
Financial District	550.0%	-9.3%
Upper West Side	137.5%	26.7%
East Village/Lower East Side	100.0%	14.3%
Chelsea/West Village	95.0%	0.0%
Soho/Tribeca	90.0%	-24.0%
Midtown/Clinton	68.6%	-6.4%
Murray Hill/Gramercy	64.3%	-30.3%
Upper East Side	22.7%	-18.2%
Manhattan Condominium	99.4%	-7.8%

[3] Source: 28-Day RPX value for the Manhattan Condominium market and each Manhattan Neighborhood as of 5/31/2010. Changes from prior periods reflect the change from the last weekday of the month. Please refer to www.radarlogic.com/disclosure_disclaimer.html for more information.

[4] Transaction counts represent the transactions included in the calculation of the Radar Logic Daily Prices and may not reflect transaction volume in the market.

Exhibit 4: Manhattan Condo RPX Prices and Transaction Counts, 2004-2010

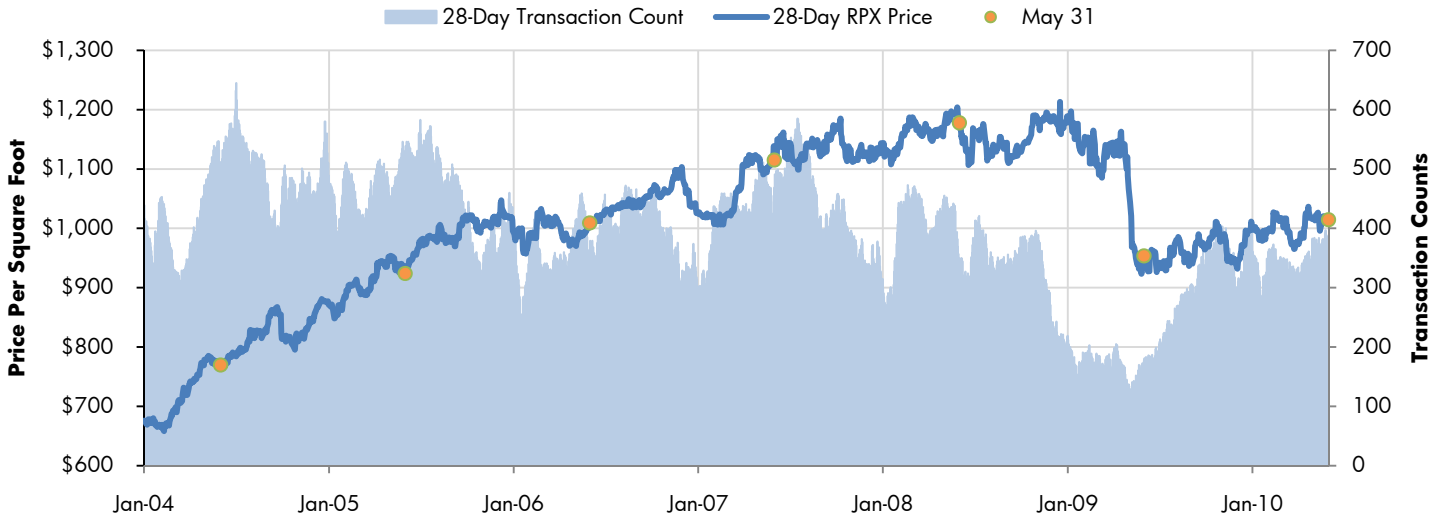
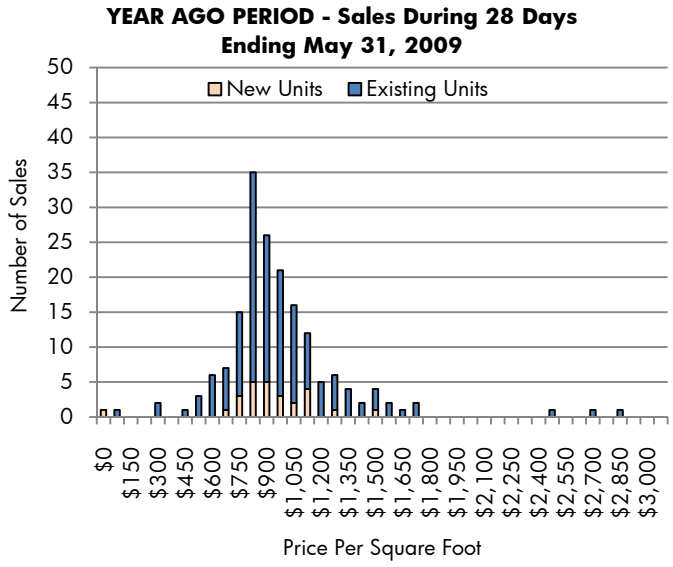


Exhibit 5: Manhattan Condo Sales Bucketed by Price Per Square Foot



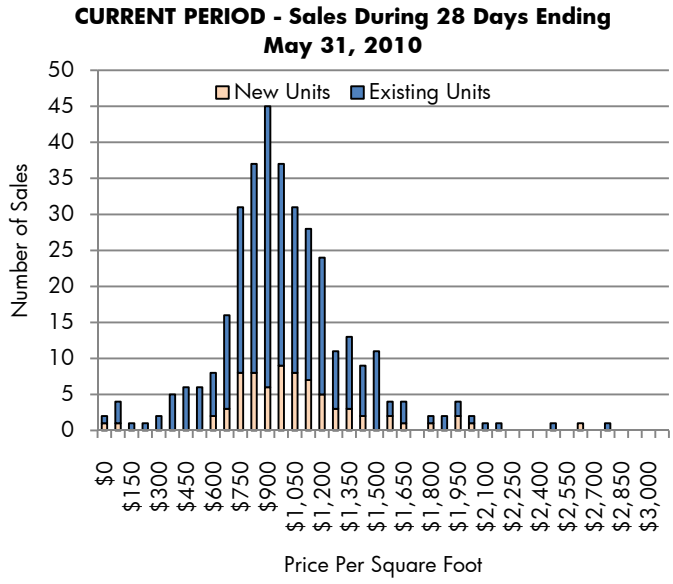
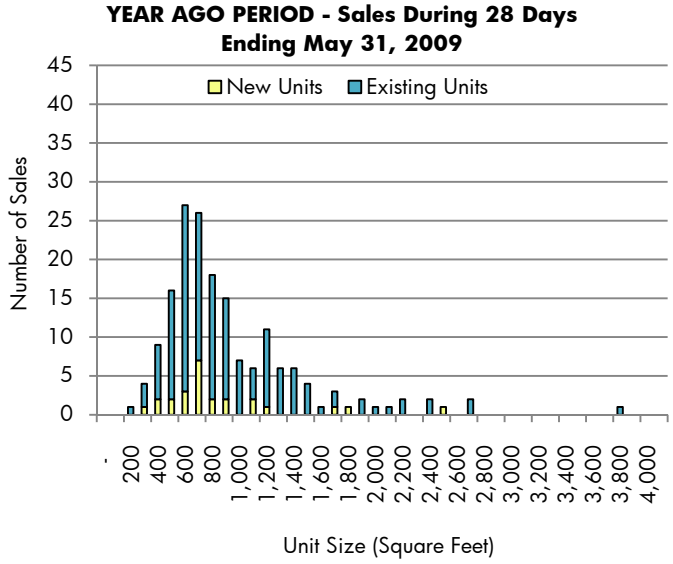


Exhibit 6: Manhattan Condo Sales Bucketed by Unit Size



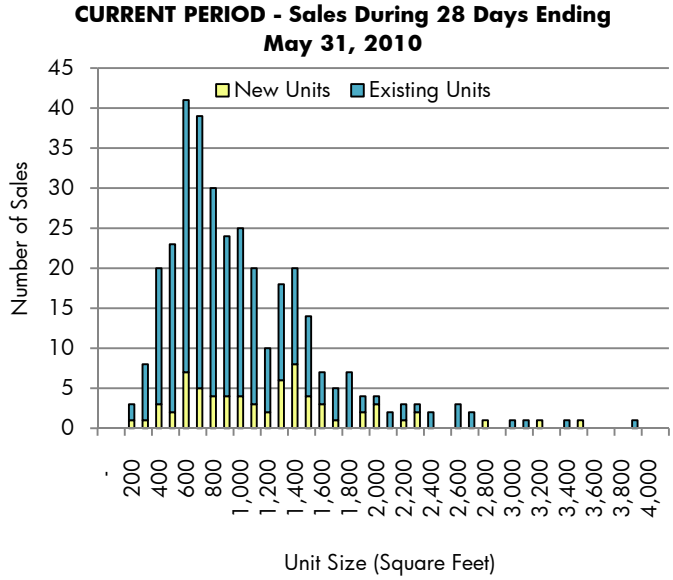
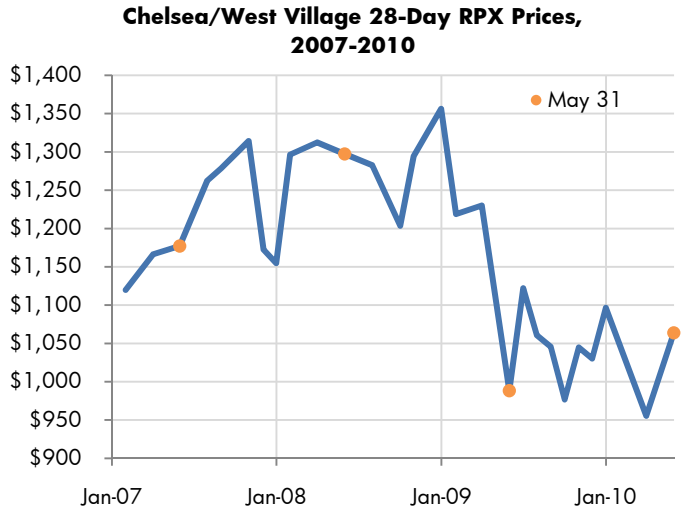


Exhibit 7: Chelsea/West Village, New York City, Price and Transaction Count Charts



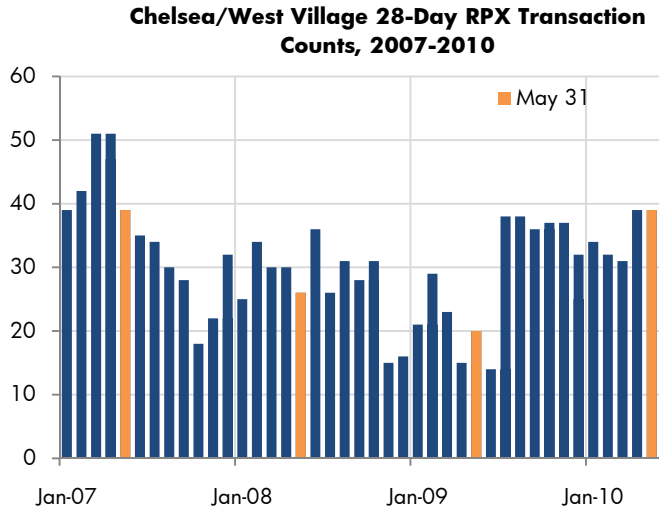
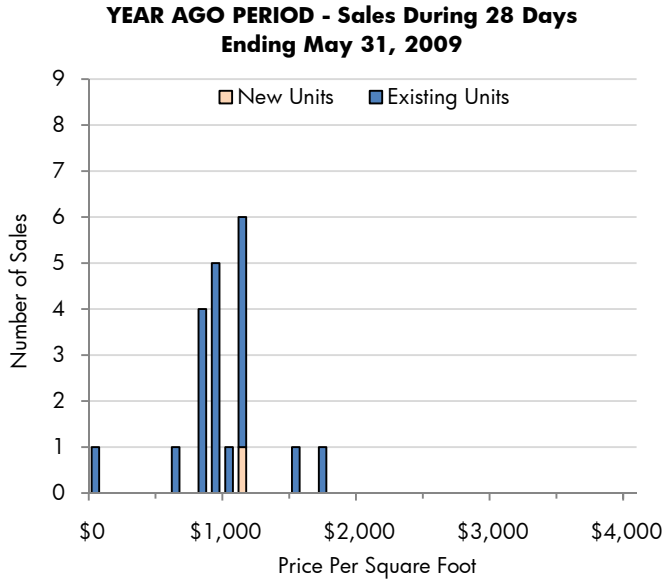


Exhibit 8: Chelsea/West Village Condo Sales Bucketed by Price Per Square Foot



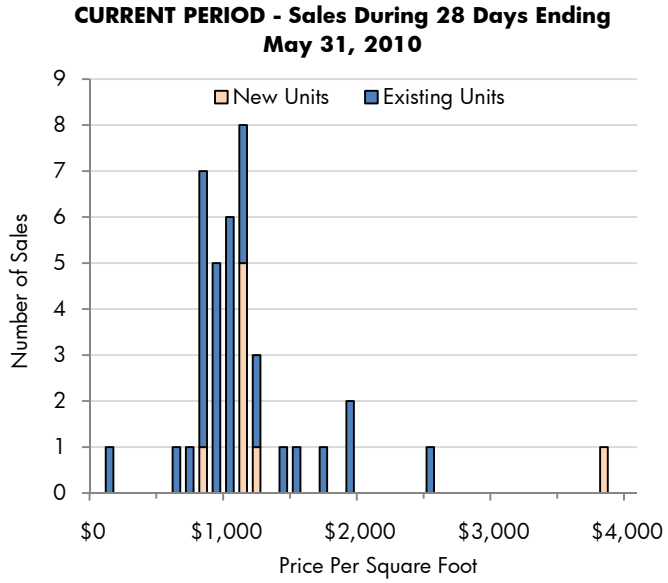
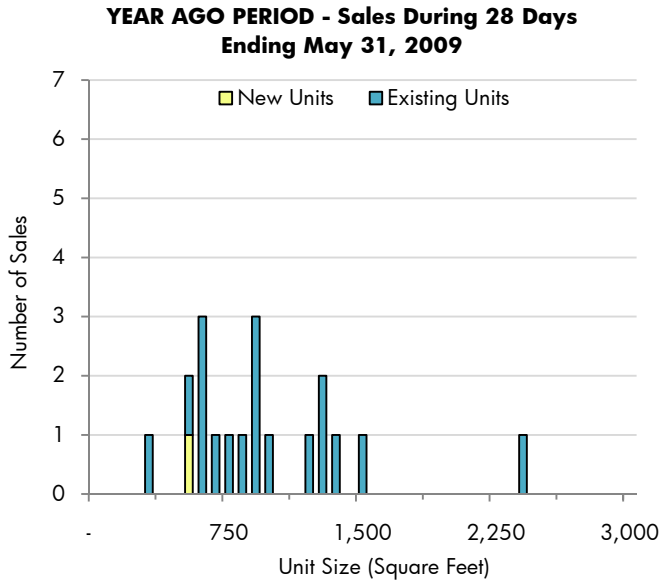


Exhibit 9: Chelsea/West Village Condo Sales Bucketed by Unit Size



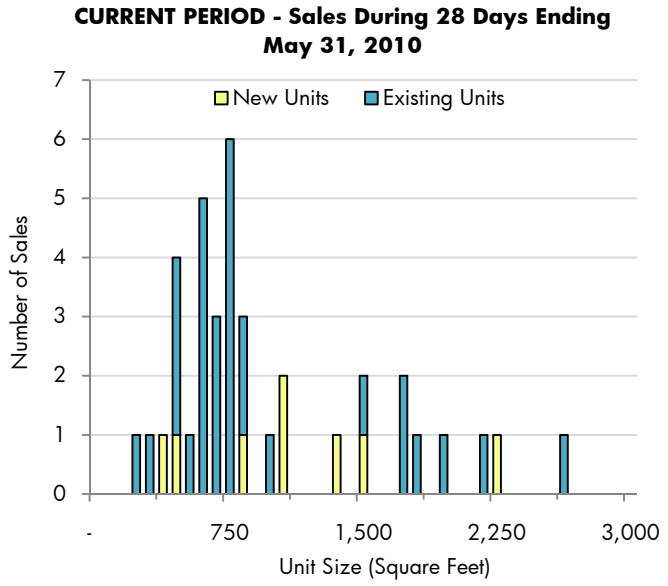
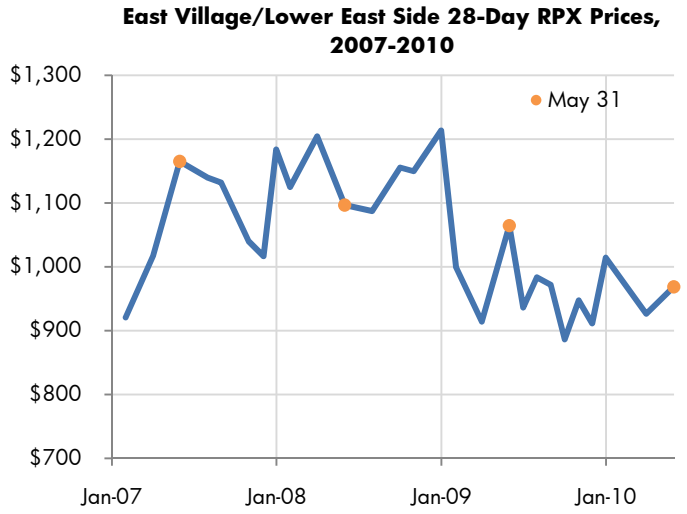


Exhibit 10: East Village/Lower East Side, New York City, Price and Transaction Count Charts



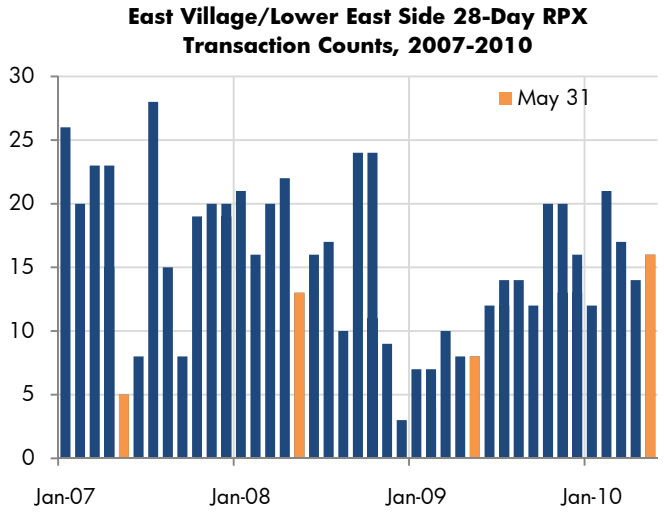
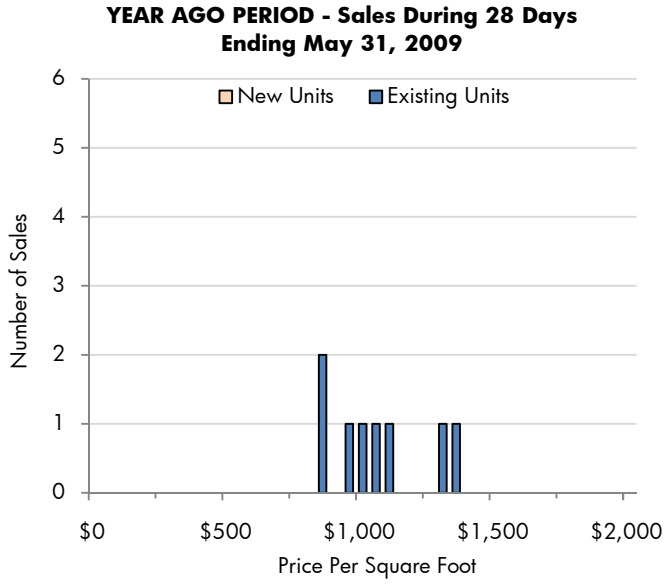


Exhibit 11: East Village/Lower East Side Condo Sales Bucketed by Price Per Square Foot



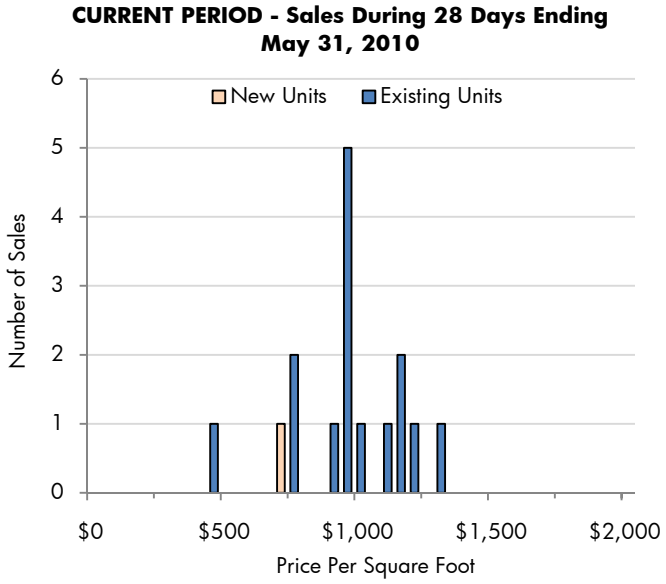
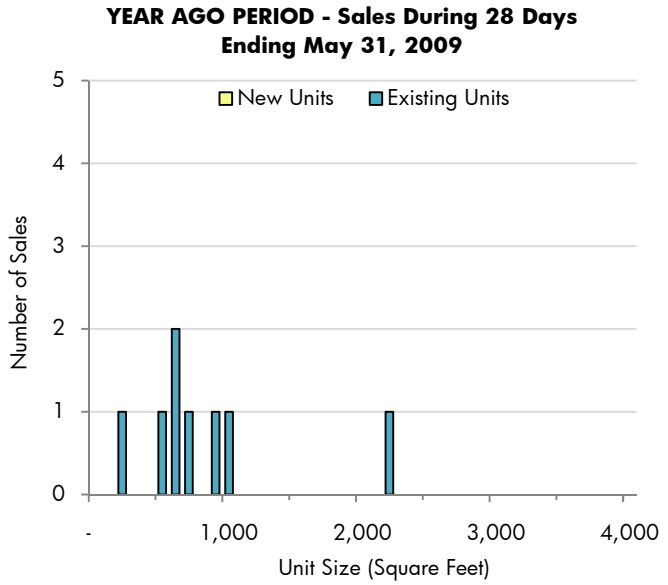


Exhibit 12: East Village/Lower East Side Condo Sales Bucketed by Unit Size



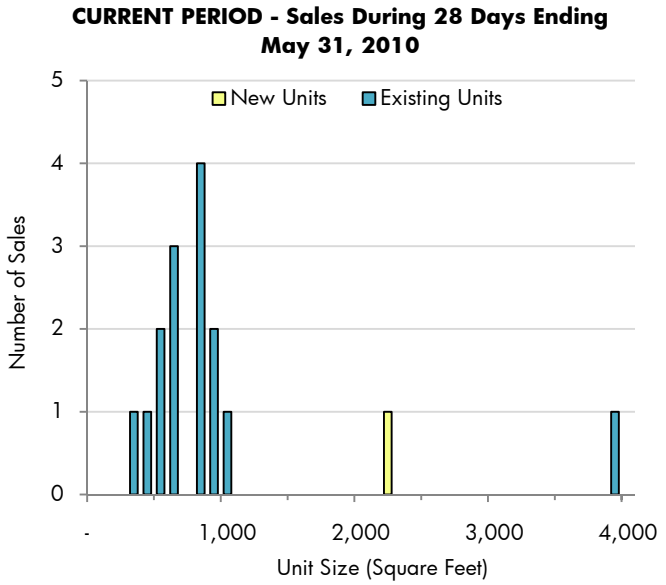
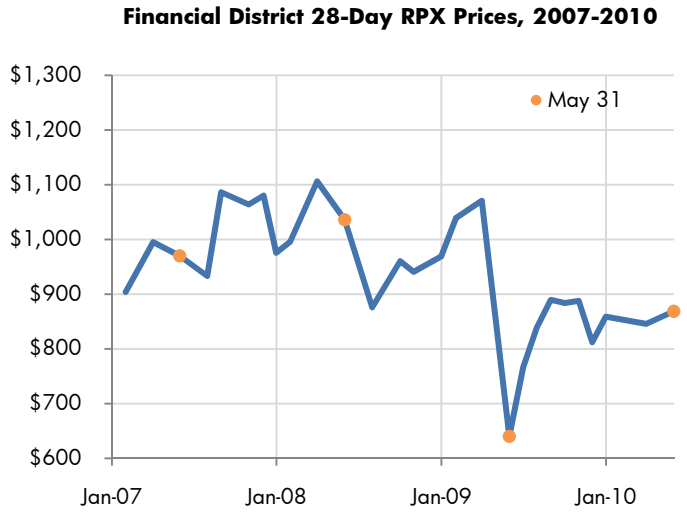


Exhibit 13: Financial District, New York City, Price and Transaction Count Charts



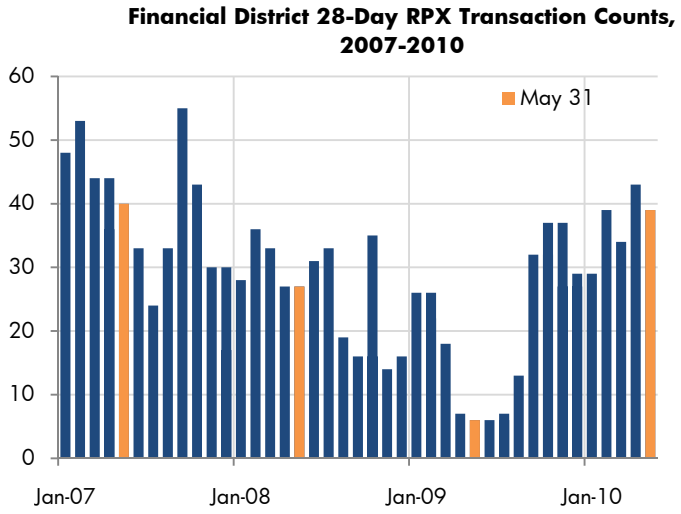
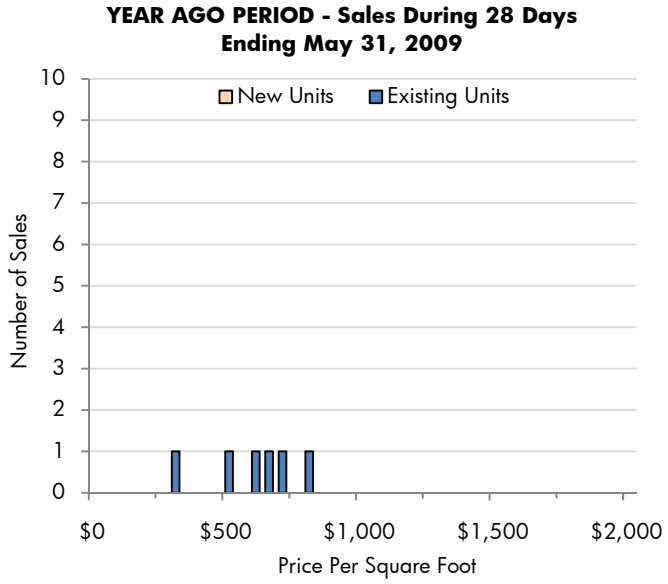


Exhibit 14: Financial District Condo Sales Bucketed by Price Per Square Foot



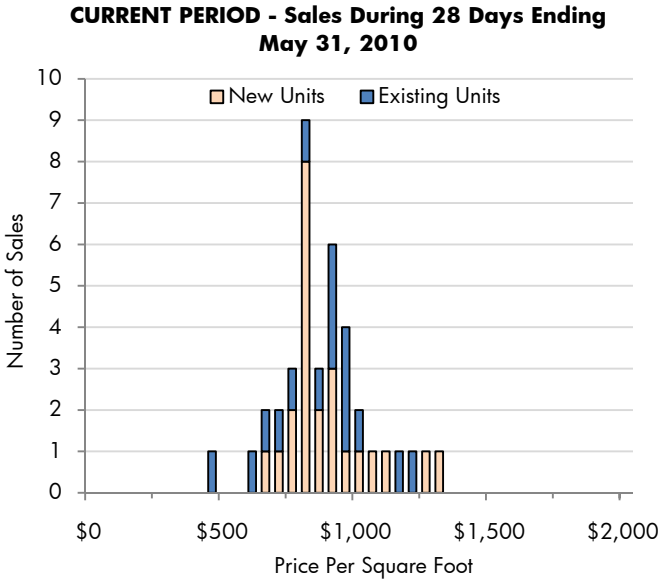
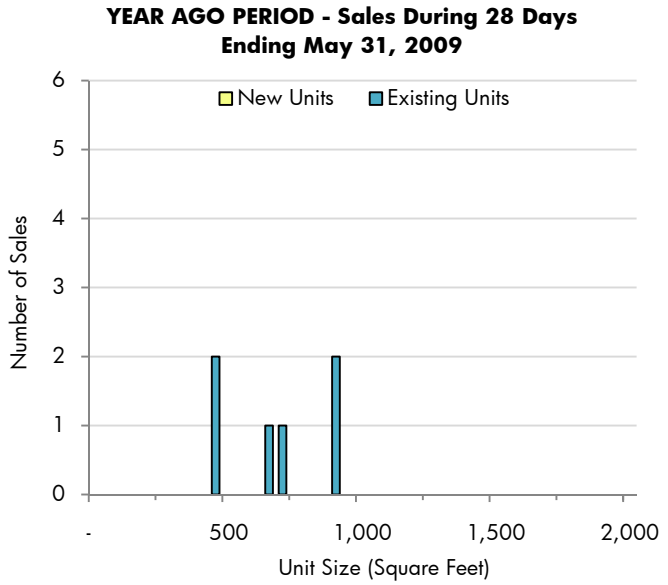


Exhibit 15: Financial District Condo Sales Bucketed by Unit Size



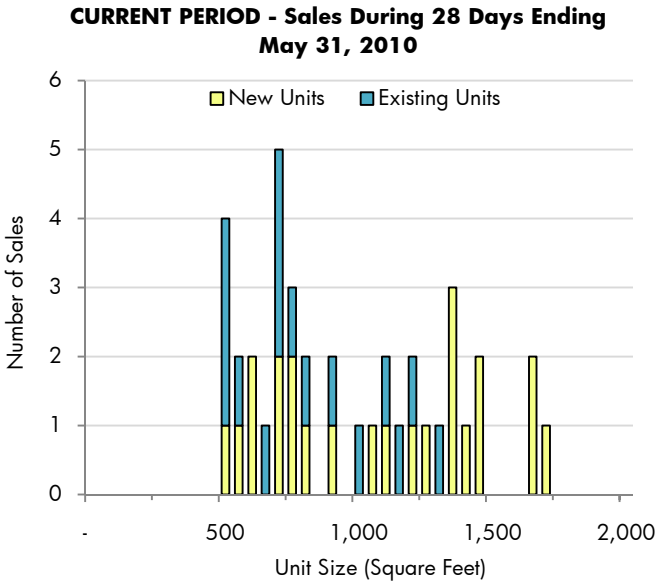
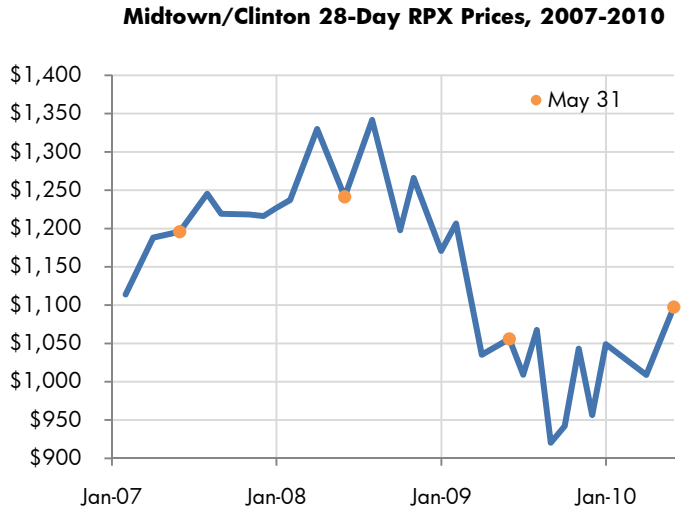


Exhibit 16: Midtown/Clinton, New York City, Price and Transaction Count Charts



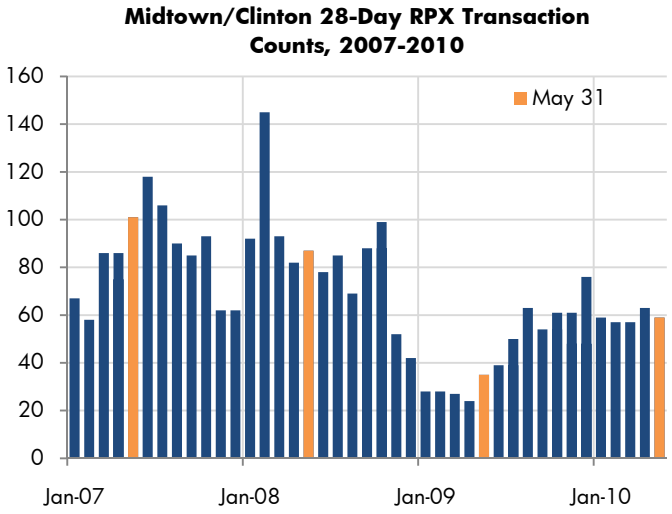
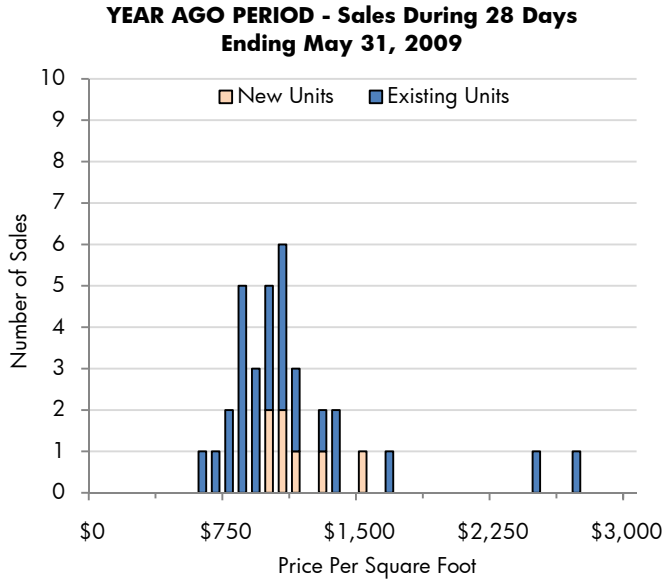


Exhibit 17: Midtown/Clinton Condo Sales Bucketed by Price Per Square Foot



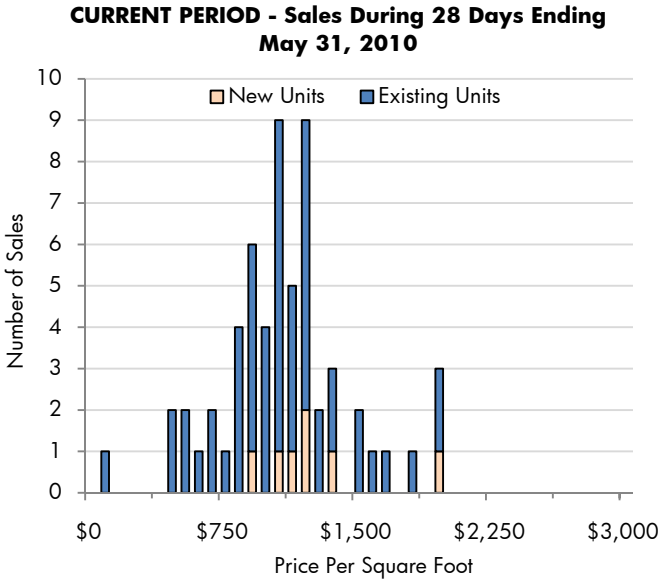
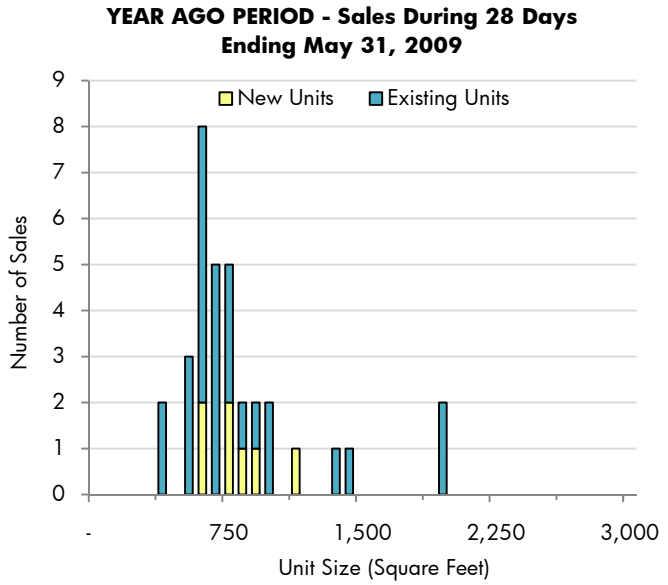


Exhibit 18: Midtown/Clinton Condo Sales Bucketed by Unit Size



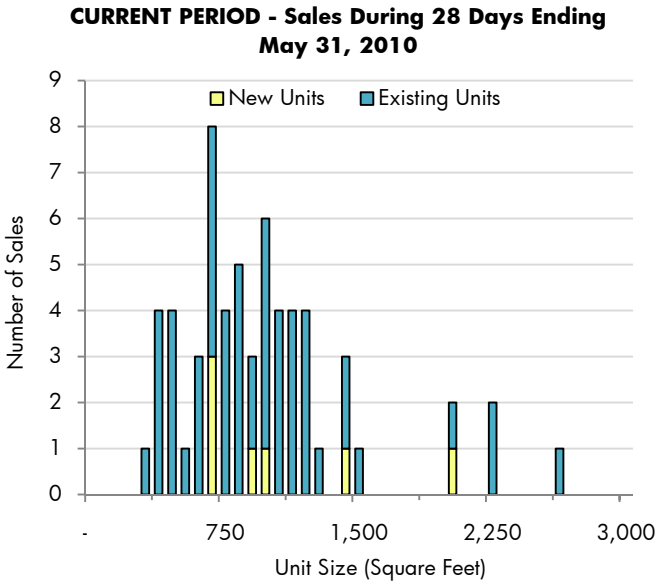
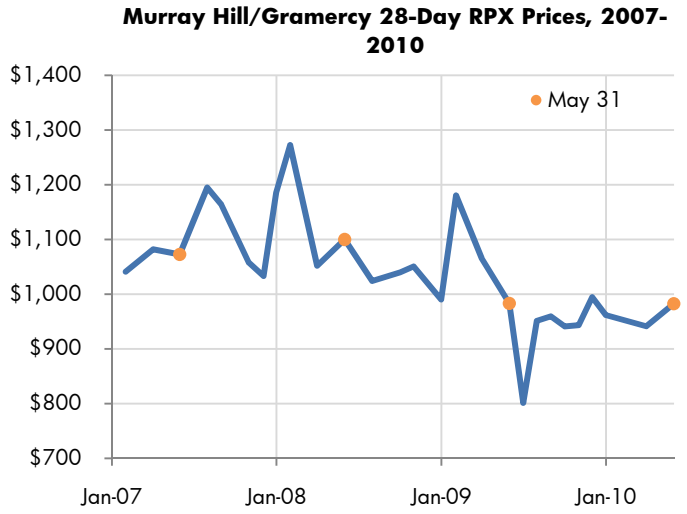


Exhibit 19: Murray Hill/Gramercy, New York City, Price and Transaction Count Charts



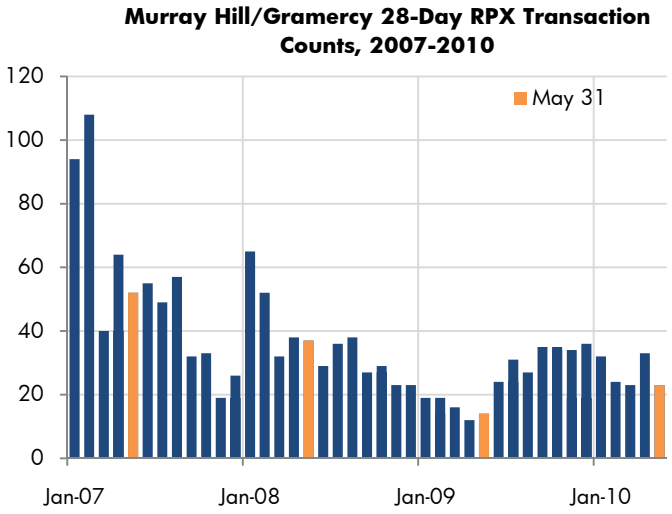
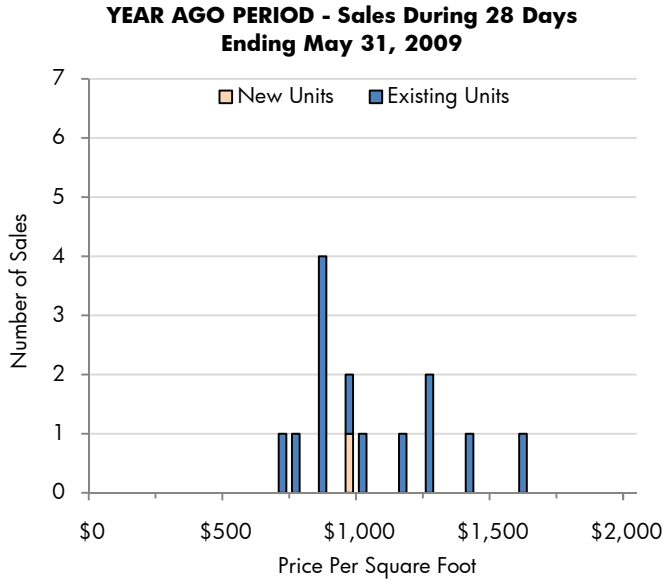


Exhibit 20: Murray Hill/Gramercy Condo Sales Bucketed by Price Per Square Foot



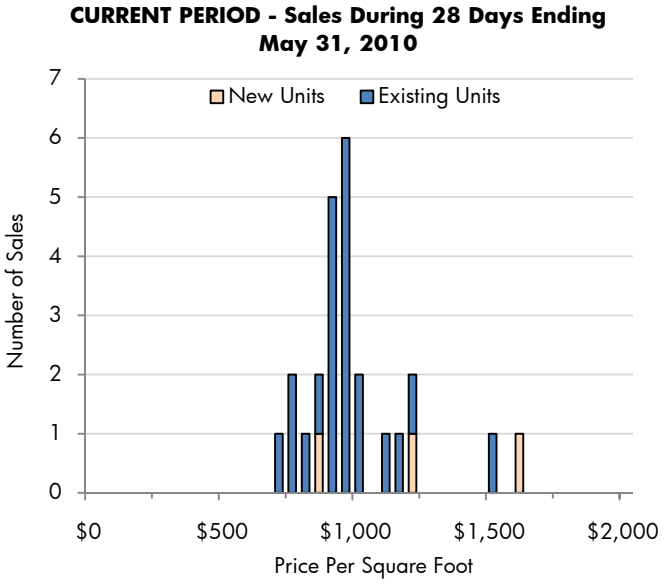
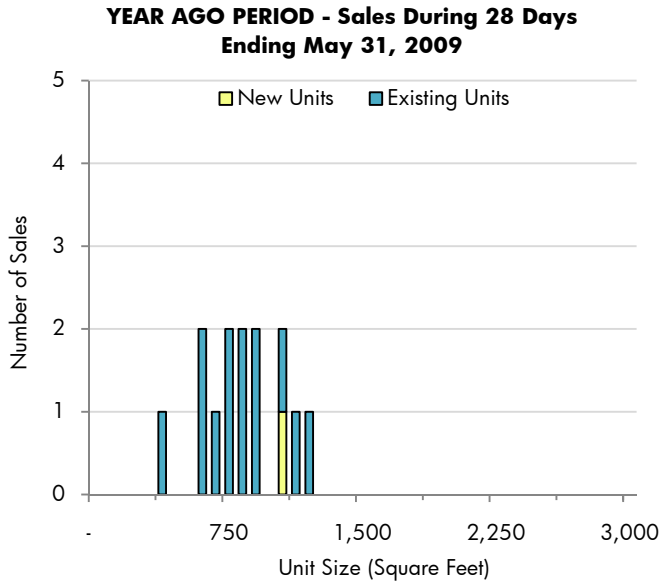


Exhibit 21: Murray Hill/Gramercy Condo Sales Bucketed by Unit Size



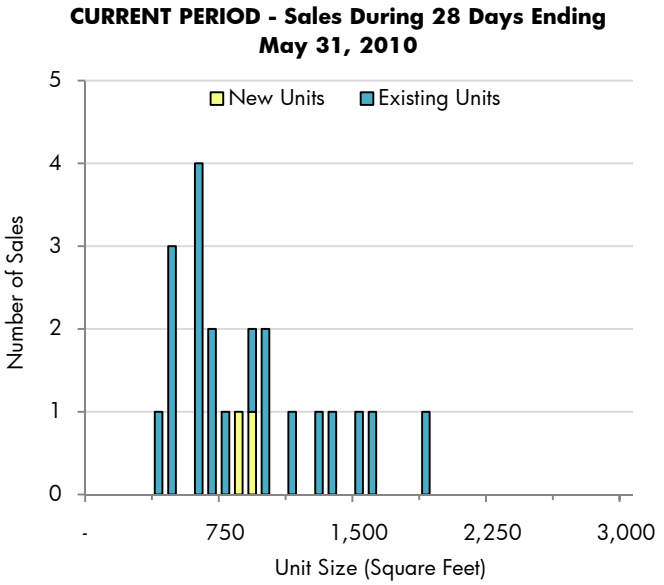
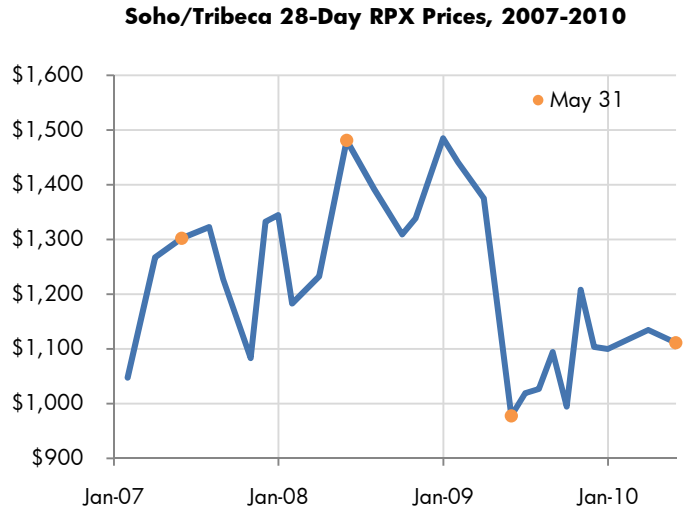


Exhibit 22: Soho/Tribeca, New York City, Price and Transaction Count Charts



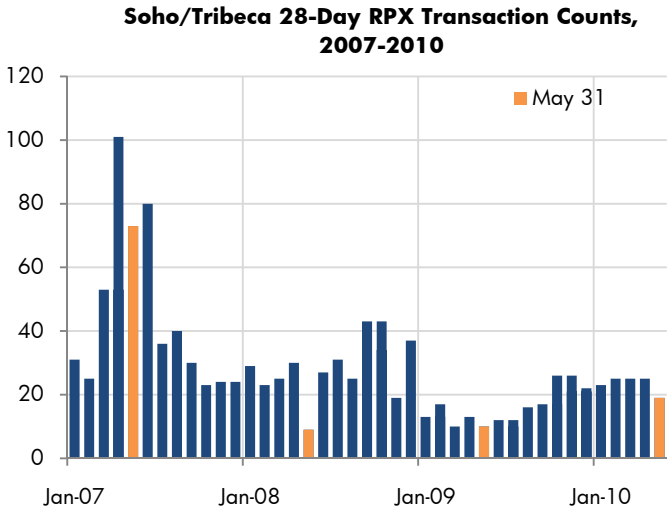
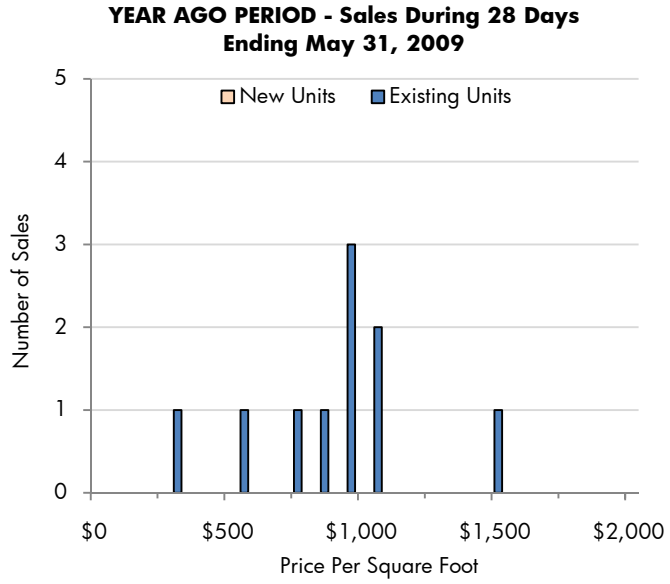


Exhibit 23: Soho/Tribeca Condo Sales Bucketed by Price Per Square Foot



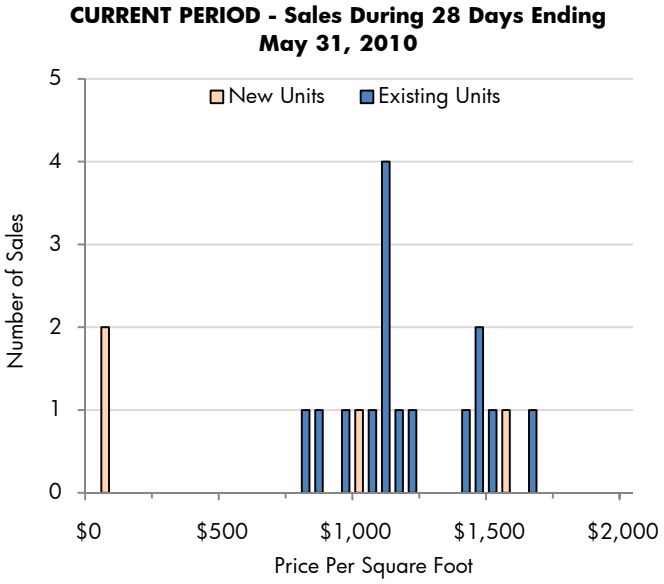
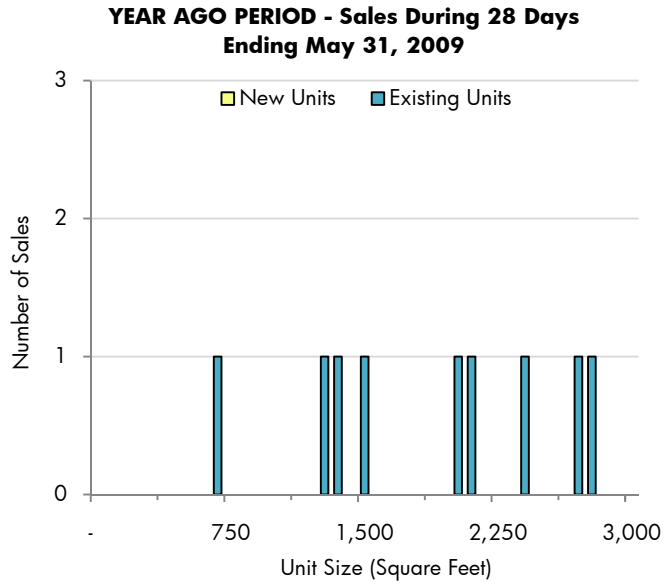


Exhibit 24: Soho/Tribeca Condo Sales Bucketed by Unit Size



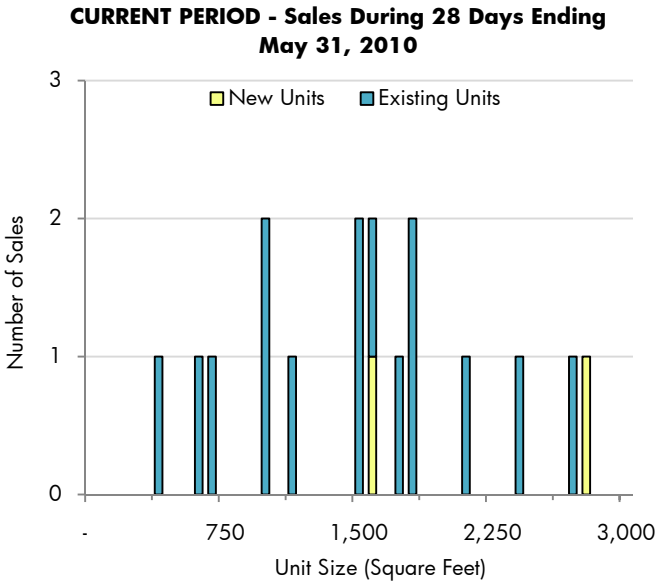
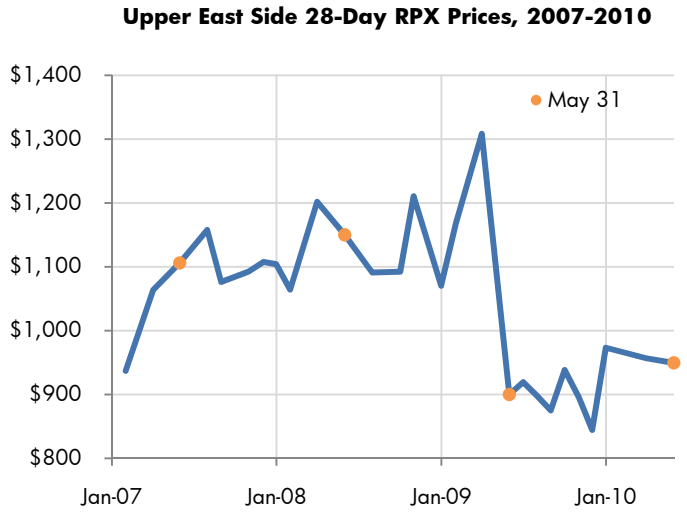
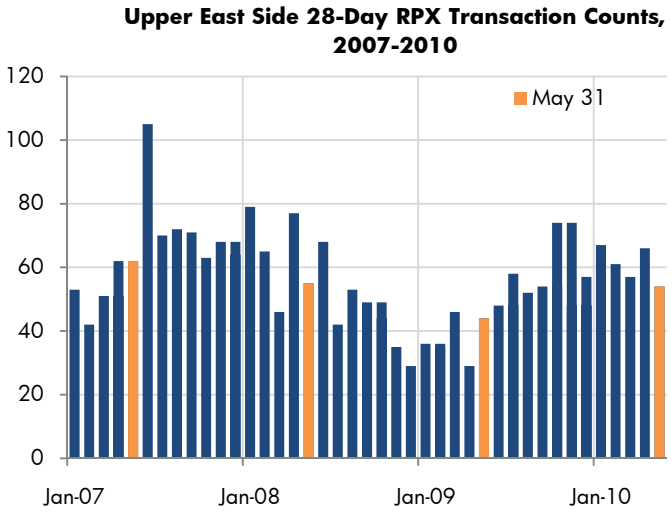
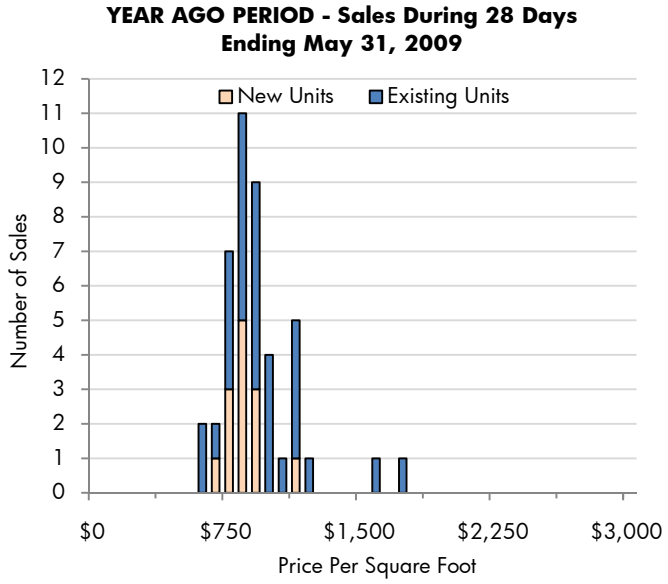


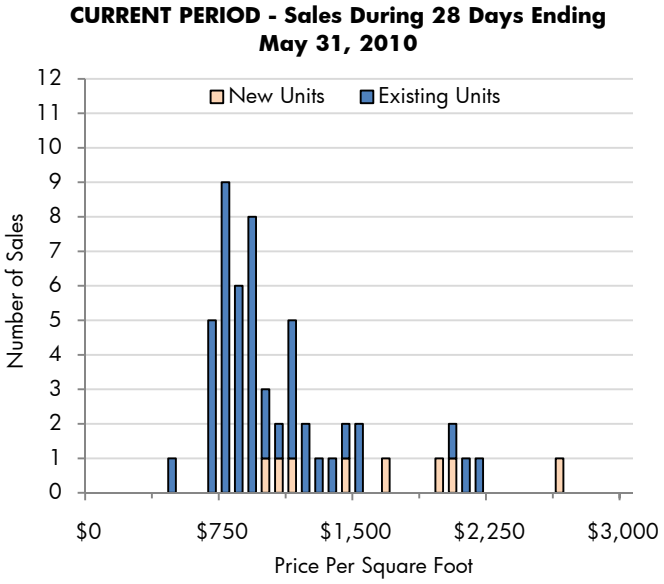
Exhibit 25: Upper East Side, New York City, Price and Transaction Count Charts



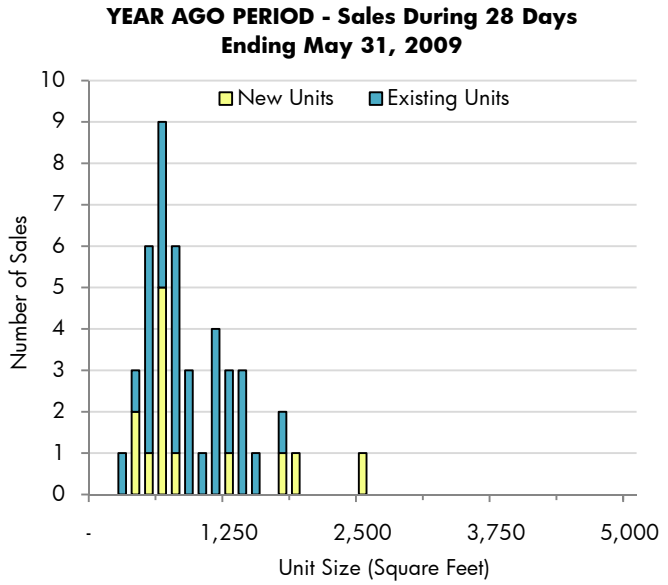


Exhibt 26: Upper East Side Condo Sales Bucketed by Price Per Square Foot





Exhibt 27: Upper East Side Condo Sales Bucketed by Unit Size



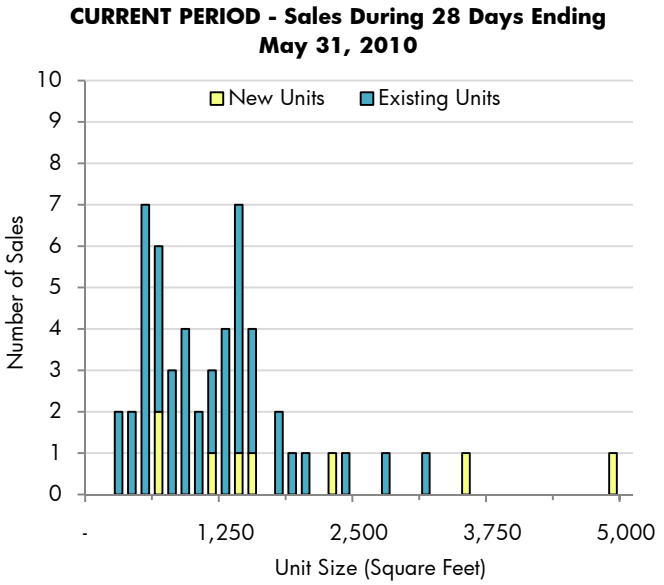
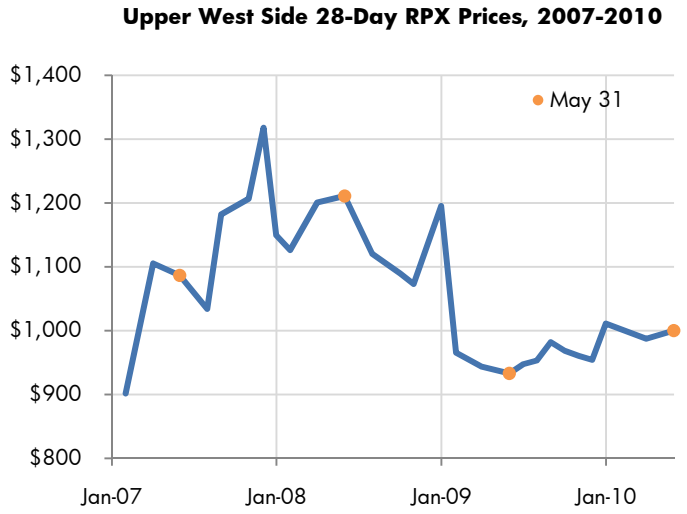


Exhibit 28: Upper West Side, New York City, Price and Transaction Count Charts



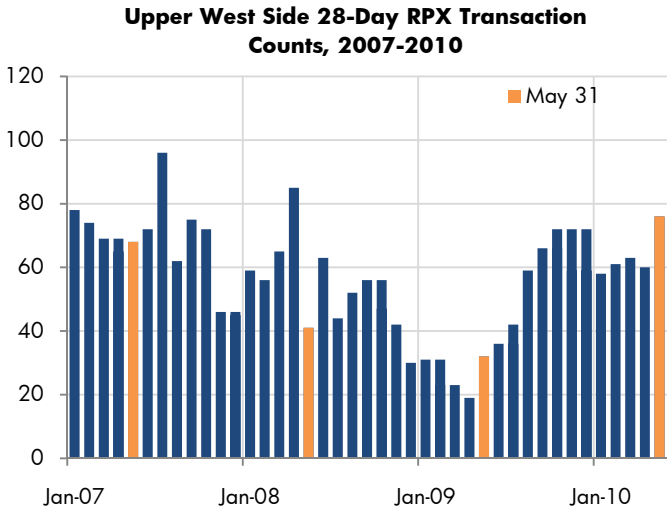
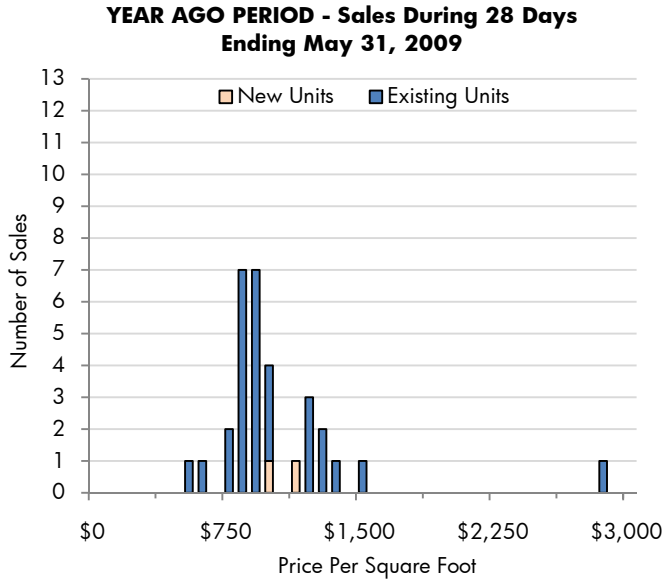


Exhibit 29: Upper West Side Condo Sales Bucketed by Price Per Square Foot



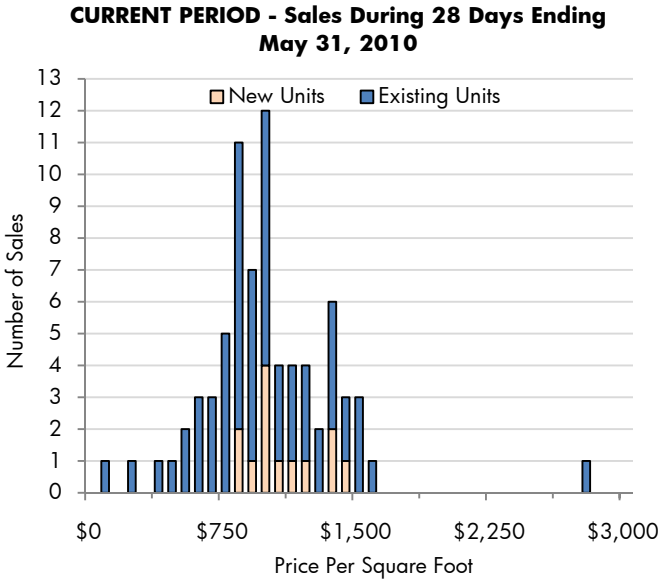
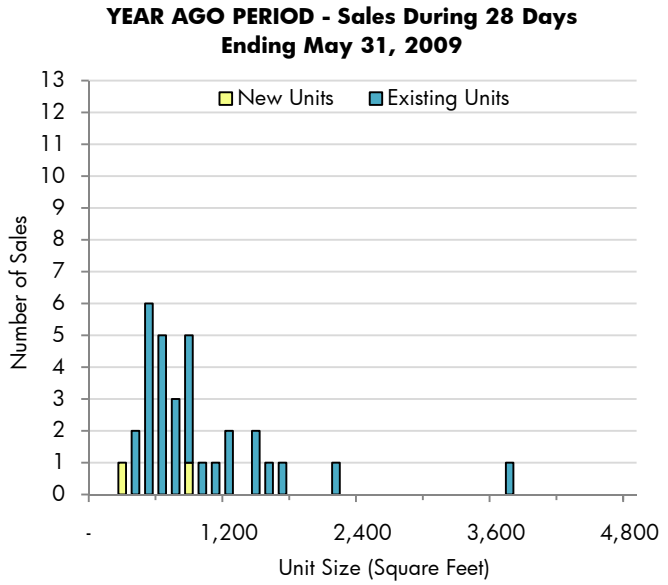
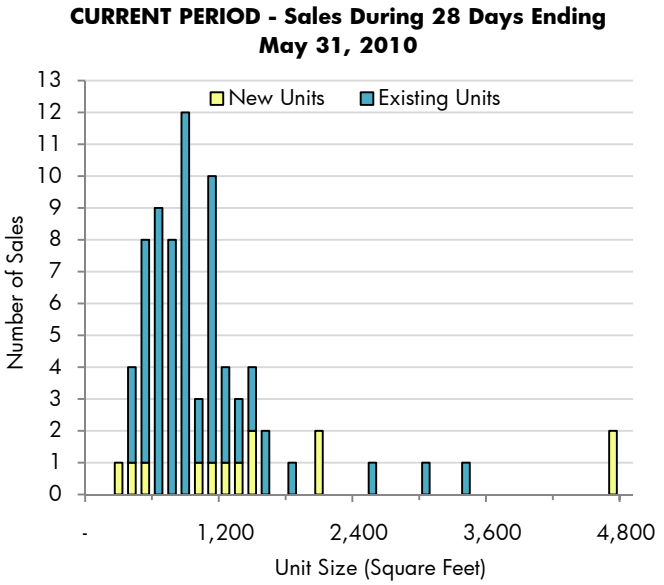


Exhibit 30: Upper West Side Condo Sales Bucketed by Unit Size





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 analytic 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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