



RPX MONTHLY MANHATTAN NEIGHBORHOODS REPORT

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February 2009

Key Characteristics

- February marked the first time in nearly six months that condo prices declined on a year-over-year basis.
- The RPX Manhattan Condominium price declined 2% year-over-year in February. Condo prices declined on a year-over-year basis in six of the eight RPX Manhattan Neighborhoods.
- Manhattan condominium sales declined 63% on a year-over-year basis in February. Sales declined significantly on a year-over-year basis in all eight neighborhoods for which Radar Logic publishes prices. Declines ranged from 14% in Chelsea/West Village to 89% East Village/Lower East Side.
- The neighborhoods where prices have remained the strongest over the past year (Upper East Side, Soho/Tribeca and the Financial District) were those where new-unit sales accounted for 50% of total transactions or more.
- The year-over-year price decline in February could indicate that the resilient strength in Manhattan condo prices – which was, in part, a consequence of long delays in the closings of new-condo sales – may be coming to an end.

Discussion

The RPX Manhattan Condominium price posted a 2% year-over-year decline in February, its first year-over-year decline in almost six months. Manhattan condo prices also displayed significantly less strength on a month-over-month basis than they did over the same period last year. Between January and February, 2009, the RPX Manhattan Condominium price decreased 2.2%. A year earlier, the Manhattan Condo price increased 4.8%.

Six of the eight RPX Manhattan Neighborhood prices declined on a year-over-year basis. Declines ranged from 0.4% in the Financial District to 32.6% in East Village/Lower East Side. On a month-over-month basis, seven of the eight Manhattan Neighborhood prices decreased, which compares unfavorably to February 2008, when only two decreased.

For reasons discussed below, price declines in February probably understated the true weakness of the Manhattan condominium market. Market fundamentals were more accurately reflected in the 63% year-over-year declines in Manhattan condominium sales. Sales declined significantly on a year-over-year basis in all eight neighborhoods for which Radar Logic publishes prices. Declines ranged from 14% in Chelsea/West Village to 89% East Village/Lower East Side.

Prices in the Manhattan condominium market have taken longer to fall than prices in many other markets. In part, this is because sales of homes out of foreclosure are only a small share of total sales in Manhattan, but have become a large share of total sales elsewhere. Sellers of existing condos in Manhattan have been reluctant to reduce prices, preferring instead to take their homes off the market and/or offer them for rent until prices improve. In contrast, when a bank or other institution holding a property after foreclosure puts a home on the market, it drops the price rapidly until a buyer is found in order to clear inventory. Motivated sales like these are still uncommon in Manhattan.

Another reason prices in the Manhattan condo market have been slow to decline compared to other markets is that a relatively large percentage of Manhattan condo sales occur in new developments. New-condo prices are frequently negotiated 12 to 18 months before the sales close, so closings in February reflected market conditions during an earlier period when market fundamentals were stronger. Thus, the neighborhoods where prices have remained the strongest over the past year, Upper East Side, Soho/Tribeca and the Financial District, were those where new-unit sales accounted for 50% of total transactions or more. The neighborhoods where prices decreased the most, the East Village/Lower East Side, Murray Hill/Gramercy and the Upper West Side, were those where new-unit sales accounted for less than 10% of total sales.

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

Feb 09 Rank	Jan 09 Rank	Neighborhood	PPSF	Feb 09 vs. Feb 08	Feb 08 vs. Feb 07	Feb 09 vs. Jan 09	Feb 08 vs. Jan 07
1	2	Upper East Side	\$1,487.29	38.1%	4.8%	23.8%	-1.1%
2	1	Soho/Tribeca	\$1,537.81	10.8%	22.1%	-0.2%	26.2%
3	3	Financial District	\$992.96	-0.4%	3.9%	-3.1%	2.4%
4	5	Chelsea/West Village	\$1,196.64	-2.6%	20.3%	-1.8%	2.1%
5	4	Midtown/Clinton	\$1,102.38	-9.3%	10.3%	-15.1%	-4.4%
6	7	Upper West Side	\$937.80	-21.6%	37.0%	-2.1%	8.1%
7	6	Murray Hill/Gramercy	\$876.23	-30.6%	23.8%	-28.3%	-1.1%
8	8	East Village/Lower East Side	\$755.32	-32.6%	17.4%	-24.5%	-6.9%

Manhattan Neighborhoods are subsets of the New York MSA

■ = positive ■ = neutral ■ = negative

Exhibit 2: Transaction Counts*

	Feb 2008	Jan 2009	Feb 2009
Chelsea/West Village	28	11	24
East Village/Lower East Side	18	7	2
Financial District	33	12	22
Murray Hill/Gramercy	64	14	11
Midtown/Clinton	132	23	32
Soho/Tribeca	27	19	14
Upper East Side	75	26	36
Upper West Side	59	24	24

Exhibit 3: Transaction Counts % Change*

	Feb 2009 vs. Feb 2008	Feb 2009 vs. Jan 2009
Chelsea/West Village	-14.3%	118.2%
Financial District	-33.3%	83.3%
Soho/Tribeca	-48.2%	-26.3%
Upper East Side	-52.0%	38.5%
Upper West Side	-59.3%	0.0%
Midtown/Clinton	-75.8%	39.1%
Murray Hill/Gramercy	-82.8%	-21.4%
East Village/Lower East Side	-88.9%	-71.4%

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	Upper East Side	20.3%
2	Soho/Tribeca	16.3%
3	Chelsea/West Village	8.2%
4	Upper West Side	3.6%
5	Financial District	1.7%

Trailing 5 Manhattan Neighborhoods (2-Year Annualized % Change)		
Rank	Neighborhood	% Change
1	East Village/Lower East Side	-11.1%
2	Murray Hill/Gramercy	-7.3%
3	Midtown/Clinton	0.0%
4	Financial District	1.7%
5	Upper West Side	3.6%

Leading 5 Manhattan Neighborhoods (5-Year Annualized % Change)		
Rank	Neighborhood	% Change
1	Upper East Side	17.6%
2	Soho/Tribeca	15.3%
3	Financial District	11.2%
4	Midtown/Clinton	9.5%
5	Chelsea/West Village	7.5%

Trailing 5 Manhattan Neighborhoods (5-Year Annualized % Change)		
Rank	Neighborhood	% Change
1	East Village/Lower East Side	3.6%
2	Upper West Side	4.6%
3	Murray Hill/Gramercy	7.4%
4	Chelsea/West Village	7.5%
5	Midtown/Clinton	9.5%

* Source: 28-Day RPX value for each Manhattan Neighborhood as of 2/19/2009. Please refer to 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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